

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

Financial Statements

December 31, 2023 and 2022



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, 2023 and 2022, 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, 2023 and 2022, 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.

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 18, 2024

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

Statements of Financial Position

	December 31	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 20,680,423	\$ 19,086,553
Investments	59,832,844	54,143,034
Accounts and other receivables, net of allowance for credit losses of \$484,579 in 2023	2,647,197	2,573,618
Government grants receivable	1,524,852	3,941,821
Contributions receivable, net	5,677,507	4,244,848
Prepaid expenses and other assets	3,749,808	3,244,440
Merchandise inventory	515,989	411,474
Right of use assets - operating leases, net	14,470,606	16,733,632
Buildings, property and equipment, net	458,361,171	481,677,064
Construction in progress	1,607,544	1,396,984
	\$ 569,067,941	\$ 587,453,468
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,480,568	\$ 7,386,050
Due to Port Authority of New York and New Jersey	-	2,041,667
Deferred revenue	2,380,397	2,222,857
Loan payable	10,384,615	15,000,000
Leases payable	18,796,931	19,146,252
Total Liabilities	40,042,511	45,796,826
Net Assets		
Without donor restrictions	521,292,576	536,380,982
With donor restrictions	7,732,854	5,275,660
Total Net Assets	529,025,430	541,656,642
	\$ 569,067,941	\$ 587,453,468

See notes to financial statements

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

Statements of Activities

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND OTHER SUPPORT						
Museum revenue	\$ 65,669,670	\$ -	\$ 65,669,670	\$ 43,600,457	\$ -	\$ 43,600,457
Merchandise sales, net of cost of goods sold of \$2,914,331 and \$2,406,703	6,643,423	-	6,643,423	5,121,282	-	5,121,282
Government grants	3,537,622	175,000	3,712,622	2,653,163	-	2,653,163
Contributions	3,206,638	3,509,035	6,715,673	2,304,184	386,000	2,690,184
Special events, net of costs of \$1,377,764 and \$1,181,583	3,036,324	1,500,000	4,536,324	2,176,322	-	2,176,322
In-kind contributions	106,534	-	106,534	202,067	-	202,067
Net assets released from restrictions	<u>2,726,841</u>	<u>(2,726,841)</u>	<u>-</u>	<u>5,357,412</u>	<u>(5,357,412)</u>	<u>-</u>
Total Operating Revenue and Other Support	<u>84,927,052</u>	<u>2,457,194</u>	<u>87,384,246</u>	<u>61,414,887</u>	<u>(4,971,412)</u>	<u>56,443,475</u>
OTHER INCOME						
Investment return	2,657,327	-	2,657,327	508,195	-	508,195
Other income	<u>829,689</u>	<u>-</u>	<u>829,689</u>	<u>209,678</u>	<u>-</u>	<u>209,678</u>
Total Other Income	<u>3,487,016</u>	<u>-</u>	<u>3,487,016</u>	<u>717,873</u>	<u>-</u>	<u>717,873</u>
Total Operating Revenue and Other Support and Other Income	<u>88,414,068</u>	<u>2,457,194</u>	<u>90,871,262</u>	<u>62,132,760</u>	<u>(4,971,412)</u>	<u>57,161,348</u>
OPERATING EXPENSES						
Memorial and museum program activities	55,088,917	-	55,088,917	46,037,922	-	46,037,922
Management and general	14,392,898	-	14,392,898	12,339,602	-	12,339,602
Fundraising	<u>6,930,937</u>	<u>-</u>	<u>6,930,937</u>	<u>5,346,225</u>	<u>-</u>	<u>5,346,225</u>
Total Operating Expenses	<u>76,412,752</u>	<u>-</u>	<u>76,412,752</u>	<u>63,723,749</u>	<u>-</u>	<u>63,723,749</u>
Change in Net Assets from Operating Activities Before Depreciation and Amortization and Collections Acquisitions by Purchase	12,001,316	2,457,194	14,458,510	(1,590,989)	(4,971,412)	(6,562,401)
Depreciation and amortization	(27,277,720)	-	(27,277,720)	(27,384,118)	-	(27,384,118)
Collections acquisitions by purchase	<u>(20,002)</u>	<u>-</u>	<u>(20,002)</u>	<u>(22,278)</u>	<u>-</u>	<u>(22,278)</u>
Change in Net Assets from Operating Activities	<u>(15,296,406)</u>	<u>2,457,194</u>	<u>(12,839,212)</u>	<u>(28,997,385)</u>	<u>(4,971,412)</u>	<u>(33,968,797)</u>
NON-OPERATING ACTIVITIES						
Forgiveness of Paycheck Protection Program loan	-	-	-	2,000,000	-	2,000,000
CARES Act Stimulus Revenue	-	-	-	2,718,572	-	2,718,572
Loan payable partial forgiveness	<u>208,000</u>	<u>-</u>	<u>208,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(15,088,406)</u>	<u>2,457,194</u>	<u>(12,631,212)</u>	<u>(24,278,813)</u>	<u>(4,971,412)</u>	<u>(29,250,225)</u>
NET ASSETS						
Beginning 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>
End of year	<u>\$ 521,292,576</u>	<u>\$ 7,732,854</u>	<u>\$ 529,025,430</u>	<u>\$ 536,380,982</u>	<u>\$ 5,275,660</u>	<u>\$ 541,656,642</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, 2023				Year Ended December 31, 2022			
	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses
Salaries	\$ 14,942,881	\$ 5,128,970	\$ 2,624,248	\$ 22,696,099	\$ 11,676,046	\$ 4,563,230	\$ 1,849,250	\$ 18,088,526
Payroll taxes and fringe benefits	3,304,483	1,180,219	646,292	5,130,994	2,714,447	1,010,479	421,129	4,146,055
Occupancy costs	4,654,820	2,045,596	179,719	6,880,135	5,153,960	2,133,043	179,116	7,466,119
Insurance	4,040,456	133,408	54,080	4,227,944	3,722,769	122,918	49,828	3,895,515
Professional and other fees	1,858,019	1,492,488	734,662	4,085,169	1,375,377	1,413,312	730,409	3,519,098
Engineering and janitorial services	10,658,841	1,880,495	-	12,539,336	8,577,442	1,513,603	-	10,091,045
Security	9,801,961	18,127	-	9,820,088	8,003,377	15,758	-	8,019,135
Information technology	589,818	228,986	50,662	869,466	672,725	210,428	45,447	928,600
Marketing and advertising	28,817	91,182	1,787,630	1,907,629	2,005	25,583	1,386,619	1,414,207
Cost of goods sold	2,914,331	-	-	2,914,331	2,406,703	-	-	2,406,703
Cost of special events	-	-	1,377,764	1,377,764	-	-	1,181,583	1,181,583
Commemorative programmatic events	1,124,269	-	-	1,124,269	894,061	75,327	25,109	994,497
Repairs and maintenance	1,889,620	335,941	15,864	2,241,425	1,831,879	345,441	15,410	2,192,730
Office supplies	525,932	67,669	22,339	615,940	342,164	71,271	25,895	439,330
Postage	145,130	34,910	145,125	325,165	87,888	20,664	103,131	211,683
Printing	51,831	2,276	463,102	517,209	16,866	8,583	407,810	433,259
Telephone and internet	197,613	68,301	27,687	293,601	190,198	65,799	26,673	282,670
Dues and subscriptions	53,653	95,212	48,192	197,057	43,875	102,416	18,333	164,624
Travel and meetings	138,298	45,600	37,935	221,833	43,334	16,353	5,297	64,984
Bad debt expense	-	890,651	-	890,651	-	186,100	-	186,100
Other expenses	1,082,475	652,867	93,400	1,828,742	689,509	439,294	56,769	1,185,572
Subtotal	58,003,248	14,392,898	8,308,701	80,704,847	48,444,625	12,339,602	6,527,808	67,312,035
Less: cost of goods sold	(2,914,331)	-	-	(2,914,331)	(2,406,703)	-	-	(2,406,703)
Less: cost of special events	-	-	(1,377,764)	(1,377,764)	-	-	(1,181,583)	(1,181,583)
Total Expenses Before Depreciation and Amortization	55,088,917	14,392,898	6,930,937	76,412,752	46,037,922	12,339,602	5,346,225	63,723,749
Depreciation and amortization	24,453,761	2,798,042	25,917	27,277,720	24,551,328	2,801,957	30,833	27,384,118
Total Functional Expenses	<u>\$ 79,542,678</u>	<u>\$ 17,190,940</u>	<u>\$ 6,956,854</u>	<u>\$ 103,690,472</u>	<u>\$ 70,589,250</u>	<u>\$ 15,141,559</u>	<u>\$ 5,377,058</u>	<u>\$ 91,107,867</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	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (12,631,212)	\$ (29,250,225)
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount to present value of receivables	458,258	(19,535)
Bad debt expense	890,651	186,100
Depreciation and amortization	27,277,720	27,384,118
Net realized and unrealized (gain) loss on investments	(644,022)	393,747
Amortization of office build-out allowance	(202,535)	(202,535)
Amortization of right to use assets - operating lease	2,263,026	2,260,373
Amortization of imputed interest - leases payable	301,428	304,082
Amortization of in-kind rent contribution	1,053,164	1,053,204
Gain on transfer of equipment	-	(27,250)
In-kind buildings, property and equipment contributions	-	(17,500)
Forgiveness of Paycheck Protection Program loan	-	(2,000,000)
Loan payable partial forgiveness	(208,000)	-
Changes in operating assets and liabilities		
Accounts and other receivables	(472,742)	(1,456,793)
Government grants receivable	2,416,969	(2,145,988)
Contributions receivable	(3,435,569)	5,353,290
Prepaid expenses and other assets	(505,368)	(232,737)
Merchandise inventory	(104,515)	64,312
Accounts payable and accrued expenses	1,094,518	(1,290,047)
Payments on lease payable	(448,214)	(497,278)
Due to Port Authority of New York	(2,041,667)	(408,333)
Deferred revenue	157,540	(143,164)
Net Cash from Operating Activities	15,219,430	(692,159)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of buildings, property and equipment	(3,961,827)	(1,778,811)
Change in construction in progress	(210,560)	(741,894)
Purchases of investments	(67,449,283)	(58,009,960)
Proceeds from sale of investments	62,403,495	41,952,611
Net Cash from Investing Activities	(9,218,175)	(18,578,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan payable	(4,407,385)	-
Net Change in Cash and Cash Equivalents	1,593,870	(19,270,213)
CASH AND CASH EQUIVALENTS		
Beginning of year	19,086,553	38,356,766
End of year	\$ 20,680,423	\$ 19,086,553
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 34,010	\$ 19,183
NON-CASH FINANCING ACTIVITIES		
Forgiveness of paycheck protection program loan	-	2,000,000
Partial forgiveness of loan payable	208,000	-

See notes to financial statements

National September 11 Memorial and Museum at the World Trade Center

Notes to Financial Statements
December 31, 2023 and 2022

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 22 million visitors. The National September 11 Memorial (the “Memorial”) has welcomed over 73 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, 2023 and 2022

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.

Reclassifications

Certain items in the 2022 financial statements were reclassified to conform to the 2023 financial statements presentation.

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. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. At times cash balances may exceed the FDIC limit. As of December 31, 2023 and 2022, the Organization's uninsured cash and cash equivalents balances on deposit totaled approximately \$20,156,000 and \$18,562,000.

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. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times investment and cash holdings may exceed the SIPC limit. As of December 31, 2023 and 2022, the Organization's uninsured investment holdings totaled approximately \$59,333,000 and \$53,643,000.

Merchandise Inventory

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

Accounts Receivable and Allowance for Credit Losses

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.

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

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Credit Losses (continued)

Prior to January 1, 2023, accounts receivable was recorded at the amount invoiced less an allowance for credit losses. The net amount of accounts receivable and corresponding allowance for credit losses were presented in the Statement of Financial Position. Receivable balances were assessed at every reporting date for impairment and an allowance was recorded if the receivable was considered impaired. As of January 1, 2023, accounts receivable is recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The amount of accounts receivable and corresponding allowance for credit losses are presented in the Statement of Financial Position. The Museum maintains allowances for credit losses resulting from the expected failure or inability of its customers to make the required payments. The Museum recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with bad debts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. The Museum's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

The Museum records a provision for expected credit losses using a historical loss-rate method based on the ratio of its historical write-offs to its average trade accounts receivable. At each reporting period, the Museum assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, the Museum may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables.

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, 2023 and 2022.

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

Notes to Financial Statements
December 31, 2023 and 2022

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

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 \$1,380,025 and contract liabilities were \$2,366,021 at January 1, 2022.

Leases

The Museum determines if an arrangement is a lease at inception. All leases are recorded on the Statement of Financial Position except for leases with an initial term less than 12 months for which the Museum made the short-term lease election.

Operating lease right-of-use assets ("ROU") and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. The ROU assets resulting from operating leases are included in right-of-use asset and the related liabilities are included in lease payable in the Statement of Financial Position. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk free rate. Operating lease cost is recognized on a straight-line basis over the lease term as rent expense within management and general expenses in the statement of functional expenses. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease and when it is reasonably certain that the Museum will exercise that option such amounts are included in the ROU assets and lease liabilities.

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.

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

Notes to Financial Statements
December 31, 2023 and 2022

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

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.

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 credit losses are included in contributions in the Statements of Activities.

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

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

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.

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 and was collected in full during 2023. The ERTC remains subject to audit until 2025.

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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$1,564,644 and \$1,087,476 in 2023 and 2022.

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

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

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.

Recently Adopted Accounting Standard

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the impairment model for most financial assets and required the use of an "expected loss" model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on January 1, 2023 expanded the Organization's required disclosures for its expected credit losses for accounts and other receivables but did not have a material effect on its financial statements.

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 2020.

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

Notes to Financial Statements
December 31, 2023 and 2022

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 18, 2024.

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:

	2023	2022
Cash and cash equivalents	\$ 20,680,423	\$ 19,086,553
Investments	59,832,844	54,143,034
Accounts and other receivables, net	2,647,197	2,573,618
Government grants receivable	1,524,852	3,941,821
Contributions receivable, net	5,677,507	3,191,684
Total Financial Assets Available Within One Year	90,362,823	82,936,710
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(6,145,244)	(3,334,331)
Restricted by donors with time restrictions	-	(133,168)
	(6,145,244)	(3,467,499)
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 84,217,579	\$ 79,469,211

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, and receivables 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, 2023 and 2022

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:

	2023	2022
Cash	\$ 4,580,033	\$ 4,529,599
Corporate bonds	17,845,042	20,507,399
Government and agency bonds	21,406,650	7,043,550
International bonds	6,358,157	13,008,219
Mortgage and asset backed bonds	7,156,869	214,238
Other	2,486,093	8,840,029
Total Investments	\$ 59,832,844	\$ 54,143,034

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

Notes to Financial Statements
December 31, 2023 and 2022

6. Accounts and Other Receivables

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

	2023	2022
Due within:		
Up to one year	\$ 3,131,776	\$ 2,573,618
Allowance for credit losses	(484,579)	-
Accounts and Other Receivables, net	\$ 2,647,197	\$ 2,573,618

7. Government Grants Receivable

Government grants receivable amounted to \$1,524,852 and \$3,941,821 as of December 31, 2023 and 2022. 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:

	2023	2022
Due within:		
Up to one year	\$ 2,952,835	\$ 2,885,670
One to five years	4,456,250	2,141,010
	7,409,085	5,026,680
Present value discount	(479,190)	(20,932)
Allowance for doubtful accounts	(1,252,388)	(760,900)
Contributions Receivable, net	\$ 5,677,507	\$ 4,244,848

The discount rates used for contributions outstanding at December 31, 2023 and 2022, range from 0.11% to 4.0%.

9. Buildings, Property and Equipment

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

	2023	2022
Museum building	\$ 399,787,634	\$ 399,667,161
Memorial plaza	316,123,214	316,123,214
Furniture and equipment	38,935,225	38,625,579
Computer hardware and software	36,450,934	34,287,459
Leasehold improvements	39,487,282	38,119,049
	830,784,289	826,822,462
Accumulated depreciation and amortization	(372,423,118)	(345,145,398)
	\$ 458,361,171	\$ 481,677,064

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

Notes to Financial Statements
December 31, 2023 and 2022

9. Buildings, Property and Equipment (continued)

Included in buildings, property and equipment are capitalized in-kind contributions, net of accumulated depreciation and amortization totaling \$94,458 and \$102,993, at December 31, 2023 and 2022. The Organization did not record any disposals during 2023 and during 2022 transferred \$200,169 of property and equipment, which resulted in a gain on transfer of equipment of \$27,250 included in other income.

10. Paycheck Protection Program Loan Payable

On April 5, 2021, the Organization received loan proceeds in the amount of \$2,000,000 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”).

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.

The SBA has stated it will review the needs certification on all loans over \$2,000,000. After the review, the SBA may determine that the Museum did not meet the needs criteria to apply for the PPP loan. In such a circumstance, the Museum may be forced to return part, or all of the PPP loan proceeds plus pay the accrued and unpaid interest. The Museum believes it was eligible to receive the PPP loan proceeds.

11. Net Assets with Donor Restrictions

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

	2023	2022
Donor imposed time restrictions	\$ 162,610	\$ 1,941,329
Donor imposed purpose restrictions	7,570,244	3,334,331
	\$ 7,732,854	\$ 5,275,660

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

Notes to Financial Statements
December 31, 2023 and 2022

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:

	2023	2022
Right of use assets - operating leases	\$ 18,994,005	\$ 18,994,005
Less: accumulated amortization	<u>(4,523,399)</u>	<u>(2,260,373)</u>
	<u>\$ 14,470,606</u>	<u>\$ 16,733,632</u>

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, 2023:

	2023	2022
Right of use assets - operating leases	\$ 18,994,005	\$ 18,994,005
Less: accumulated amortization	<u>(4,523,399)</u>	<u>(2,260,373)</u>
	<u>\$ 14,470,606</u>	<u>\$ 16,733,632</u>

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

2024	\$ 2,872,064
2025	2,739,639
2026	2,598,039
2027	2,818,906
2028	2,948,960
Thereafter	<u>5,897,919</u>
Total undiscounted operating lease payments	19,875,527
Less: imputed interest	<u>(1,078,596)</u>
Present value of operating lease liabilities	<u>\$ 18,796,931</u>

Occupancy costs for the Organization under these leases totaled \$2,564,454 for each of the years ended December 31, 2023 and 2022.

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 was 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 the remaining amount was fully amortized as of December 31, 2023.

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

Notes to Financial Statements
December 31, 2023 and 2022

12. Commitments (continued)

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

	2023	2022
Weighted-average remaining lease term in years for operating leases	6.83	5.25
Weighted-average discount rate used for operating leases	1.6%	1.6%

These leases have remaining lease terms of 4 months to 7 years as of December 31, 2023.

Supplemental cash flow information:

Cash paid for amounts included in measurement of lease liabilities:

	2023	2022
Operating cash flows and operating leases	\$ 448,214	\$497,278

13. 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 2023 and 2022, the Organization spent \$20,002 and \$22,278 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, 2023 and 2022

14. In-kind Contributions

In-kind contributions, excluding rent (see Note 17), for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Professional services	\$ 102,312	\$ 159,623	Management and General	None	Estimated based on current rates of legal services provided by law firm and accounting services provided by accounting
Special event supplies	4,222	24,944	Fundraising	None	Estimated based on market values of similar goods and services.
Other	-	17,500	Program Activities	None	Estimated based on market values of similar goods, services, and equipment.
	<u>\$ 106,534</u>	<u>\$ 202,067</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, which were capitalized as construction in progress in the Statements of Financial Position.

15. 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 \$4,200,000 of a total accrued amount of \$6,600,000 for past utility claims for the periods up to and including September 2017. The \$4,200,000 was reduced by \$1,750,000 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. At December 31, 2022 \$2,040,000 was reported as Due to Port Authority of New York and New Jersey. The settlement was paid off in full as of December 31, 2023.

16. 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 during the year. The Organization also made contributions under a voluntary matching program up to a maximum of 6% during both 2023 and 2022. For the years ended December 31, 2023 and 2022, plan expense was \$1,434,255 and \$1,164,771.

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

Notes to Financial Statements
December 31, 2023 and 2022

17. 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, 2023 and 2022, the Organization had an outstanding loan balance of \$10,384,615 and \$15,000,000. Repayment of this balance began on March 31, 2023, with quarterly principal payments of \$1,153,846, and a final payment due at maturity on March 31, 2026. During the year ended December 31, 2023, \$208,000 of the loan was forgiven by the lender and is reported as loan payable partial forgiveness within non-operating activities on the 2023 Statement of Activities. The loan carries a fixed interest rate of 0.22%. For each of the years ended December 31, 2023 and 2022, interest expense was \$29,573 and \$33,459. Included in accounts payable and accrued expenses at December 31, 2022, was accrued interest of \$89,558.

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 was amortized over the life of the lease through December 31, 2023. For the years ended December 31, 2023 and 2022, amortization included in rent expense was \$1,053,164.

18. 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.

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