

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

Financial Statements

December 31, 2015 and 2014

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. as of December 31, 2015 and 2014, 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.

*PKF O'Connor Davies, LLP*

April 29, 2016

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

Statements of Financial Position

	December 31	
	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 19,861,351	\$ 18,820,520
Prepaid expenses and other assets	8,562,112	5,899,135
Government grant receivables	6,404,448	16,322,086
Contributions receivable, net	17,750,453	20,417,539
Due from Port Authority of New York and New Jersey	-	10,416,878
Buildings, property and equipment, net	685,937,888	726,892,444
	<b>\$ 738,516,252</b>	<b>\$ 798,768,602</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 21,448,388	\$ 58,374,369
Due to Port Authority of New York and New Jersey	431,255	-
Deferred museum revenue	1,834,313	1,218,692
Deferred rent	2,039,875	1,922,809
Loan payable	7,500,000	7,500,000
Total Liabilities	33,253,831	69,015,870
Net Assets		
Unrestricted	685,380,854	705,932,063
Temporarily Restricted	19,881,567	23,820,669
Total Net Assets	705,262,421	729,752,732
	<b>\$ 738,516,252</b>	<b>\$ 798,768,602</b>

See notes to financial statements

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

Statements of Activities

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Museum revenue	\$ 62,050,793	\$ -	\$ 62,050,793	\$ 41,941,734	\$ -	\$ 41,941,734
Merchandise sales, net of cost of goods sold of \$2,748,721 and \$2,908,034	5,053,982	-	5,053,982	5,313,217	-	5,313,217
Government grants	141,534	-	141,534	19,506,188	-	19,506,188
Contributions	2,409,974	2,678,522	5,088,496	13,106,481	12,511,872	25,618,353
Port Authority of New York and New Jersey	8,543,859	-	8,543,859	38,677,342	-	38,677,342
Special events, net of expenses of \$1,424,917 and \$1,501,256	1,237,940	-	1,237,940	1,138,354	-	1,138,354
In-kind contributions	1,375,056	500,000	1,875,056	2,163,569	11,672,645	13,836,214
Net assets released from restrictions	7,117,624	(7,117,624)	-	15,604,500	(15,604,500)	-
Total Revenue and Support	<u>87,930,762</u>	<u>(3,939,102)</u>	<u>83,991,660</u>	<u>137,451,385</u>	<u>8,580,017</u>	<u>146,031,402</u>
<b>OTHER INCOME</b>						
Interest income	5,140	-	5,140	13,562	-	13,562
Other income	113,607	-	113,607	894,616	-	894,616
Gain on sale of equipment	537,623	-	537,623	-	-	-
Total Other Income	<u>656,370</u>	<u>-</u>	<u>656,370</u>	<u>908,178</u>	<u>-</u>	<u>908,178</u>
Total Revenue and Support and Other Income	<u>88,587,132</u>	<u>(3,939,102)</u>	<u>84,648,030</u>	<u>138,359,563</u>	<u>8,580,017</u>	<u>146,939,580</u>
<b>EXPENSES</b>						
Memorial and museum program activities	91,940,978	-	91,940,978	77,698,631	-	77,698,631
Management and general	12,817,422	-	12,817,422	10,916,107	-	10,916,107
Fundraising	4,318,154	-	4,318,154	4,450,573	-	4,450,573
Total Expenses	<u>109,076,554</u>	<u>-</u>	<u>109,076,554</u>	<u>93,065,311</u>	<u>-</u>	<u>93,065,311</u>
Change in Net Assets before Museum Collections Activities	(20,489,422)	(3,939,102)	(24,428,524)	45,294,252	8,580,017	53,874,269
Museum collections activities	(61,787)	-	(61,787)	(40,286)	-	(40,286)
Change in Net Assets	<u>(20,551,209)</u>	<u>(3,939,102)</u>	<u>(24,490,311)</u>	<u>45,253,966</u>	<u>8,580,017</u>	<u>53,833,983</u>
<b>NET ASSETS</b>						
Beginning of year	<u>705,932,063</u>	<u>23,820,669</u>	<u>729,752,732</u>	<u>660,678,097</u>	<u>15,240,652</u>	<u>675,918,749</u>
End of year	<u>\$ 685,380,854</u>	<u>\$ 19,881,567</u>	<u>\$ 705,262,421</u>	<u>\$ 705,932,063</u>	<u>\$ 23,820,669</u>	<u>\$ 729,752,732</u>

See notes to financial statements

**National September 11 Memorial and Museum  
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Statements of Functional Expenses

	Year Ended December 31, 2015				Year Ended December 31, 2014			
	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses
Salaries	\$ 13,422,189	\$ 2,505,674	\$ 1,978,322	\$ 17,906,185	\$ 11,082,992	\$ 2,069,765	\$ 1,562,468	\$ 14,715,225
Payroll taxes and fringe benefits	3,284,772	613,457	442,359	4,340,588	2,529,324	758,431	368,208	3,655,963
Occupancy costs	6,642,886	1,143,139	237,917	8,023,942	6,500,634	1,042,156	324,018	7,866,808
Insurance	3,532,395	72,824	36,413	3,641,632	2,160,468	320,069	186,707	2,667,244
Professional and other fees	2,035,320	1,562,595	216,966	3,814,881	2,119,836	1,344,471	374,159	3,838,466
Engineering and janitorial services	9,865,544	1,767,228	35,015	11,667,787	6,919,933	1,208,855	61,790	8,190,578
Security	9,843,544	-	-	9,843,544	8,933,300	-	-	8,933,300
Information technology	758,511	142,807	38,217	939,535	1,340,882	189,519	46,419	1,576,820
Marketing and advertising	624,574	54,491	310,702	989,767	1,721,564	176,745	446,950	2,345,259
Commemorative programmatic events	2,065,554	-	-	2,065,554	3,273,400	-	-	3,273,400
Repairs and maintenance	2,641,358	452,890	9,735	3,103,983	2,241,374	383,082	31,675	2,656,131
Office supplies	613,651	57,174	23,918	694,743	271,384	87,205	16,120	374,709
Postage	89,416	18,651	239,094	347,161	25,184	17,149	473,439	515,772
Printing	170,100	9,160	327,950	507,210	329,007	55,125	197,524	581,656
Telephone and internet	501,904	93,093	25,108	620,105	686,799	97,460	27,111	811,370
Dues and subscriptions	140,483	77,143	17,223	234,849	56,090	21,266	16,539	93,895
Travel and meetings	280,101	47,669	184,557	512,327	245,866	46,347	118,011	410,224
Depreciation and amortization	34,263,736	3,984,506	149,343	38,397,585	26,050,538	2,919,806	131,410	29,101,754
Other expenses	<u>1,164,940</u>	<u>214,921</u>	<u>45,315</u>	<u>1,425,176</u>	<u>1,210,056</u>	<u>178,656</u>	<u>68,025</u>	<u>1,456,737</u>
<b>Total Expenses</b>	<b><u>\$ 91,940,978</u></b>	<b><u>\$ 12,817,422</u></b>	<b><u>\$ 4,318,154</u></b>	<b><u>\$ 109,076,554</u></b>	<b><u>\$ 77,698,631</u></b>	<b><u>\$ 10,916,107</u></b>	<b><u>\$ 4,450,573</u></b>	<b><u>\$ 93,065,311</u></b>

See notes to financial statements

**National September 11 Memorial and Museum  
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Statements of Cash Flows

	Year Ended December 31	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (24,490,311)	\$ 53,833,983
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount to present value of receivables	(75,882)	154,039
Bad debt (recovery) expense	(87,451)	125,863
Depreciation and amortization	38,397,585	29,101,754
Deferred rent	117,066	(134,622)
Amortization of in-kind rent contributions	1,053,204	-
Gain on sale of buildings, property and equipment	(537,623)	-
In-kind rent contributions	-	(10,580,956)
In-kind buildings, property and equipment contributions	(5,066,825)	(579,743)
In-kind construction in progress contributions	-	(511,946)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(2,662,977)	(1,694,230)
Government grant receivables	9,917,638	480,051
Due from / to Port Authority of New York and New Jersey	10,848,133	(15,223,733)
Contributions receivable	1,777,215	281,850
Accounts payable and accrued expenses	(25,741,664)	16,581,841
Deferred museum revenue	615,621	749,942
Net Cash from Operating Activities	4,063,729	72,584,093
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of buildings, property and equipment	(4,022,898)	(7,388,778)
Proceeds from sale of building, property and equipment	1,000,000	-
Construction in progress	-	(61,089,185)
Net Cash from Investing Activities	(3,022,898)	(68,477,963)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from related party loan	-	7,500,000
Net Change in Cash and Cash Equivalents	1,040,831	11,606,130
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	18,820,520	7,214,390
End of year	\$ 19,861,351	\$ 18,820,520
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Non Cash Investing Activities		
Release of retainage payable	\$ 11,184,317	\$ -
Leasehold improvements paid by tenant allowance payable through deferred rent	-	2,000,000

See notes to financial statements

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

Notes to Financial Statements  
December 31, 2015 and 2014

**1. Organization and Tax Status**

The National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (the "Organization") was incorporated on April 7, 2003, to own and raise money to fund the construction, operations, programming, and maintenance of the National September 11 Memorial (the "Memorial"), Memorial Museum (the "Museum") and other cultural facilities at the World Trade Center site. The Museum opened in May 2014.

The Memorial remembers and honors the 2,983 people who were killed in the attacks of September 11, 2001 and February 26, 1993. The site 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 and the aftermath. It also explores the global impact of 9/11 and its continuing significance.

The Organization 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), that was created to oversee the design, fundraising, programming and operations of the Memorial and Museum. The Memorial and Museum are located on eight of the 16 acres of the World Trade Center site.

In 2014 the Organization obtained a charter from the New York State Board of Regents for the National September 11 Memorial and Museum at the World Trade Center (the "Museum Organization") under the New York State Education Law and is seeking to obtain status as a tax-exempt public charity under Internal Revenue Code Section 501(c)(3). The directors of the Organization also serve as trustees of the Museum Organization. The Museum Organization had no operating activity during the years ended December 31, 2015 and 2014.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Use of Estimates***

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly actual results could differ from those estimates.

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

Notes to Financial Statements  
December 31, 2015 and 2014

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

***Cash and Cash Equivalents***

The Organization considers all highly liquid debt instruments with a maturity of three months or less and which are available for operations to be cash equivalents. The carrying amounts reported in the statement of financial position for cash and cash equivalents approximate cost.

***Inventory***

Merchandise inventory is valued at the lower of weighted average cost or market. Inventory is included in prepaid expenses and other assets on the statements of financial position.

***Allowance for Doubtful Accounts***

An allowance for doubtful accounts is established for contributions receivable 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 collections.

***Buildings, Property and Equipment***

Buildings, property and equipment are stated at cost, or in the case of donations, 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 and 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 asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the 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, 2015 and 2014.

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

Notes to Financial Statements  
December 31, 2015 and 2014

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

***Net Assets Presentation***

The Organization's financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets. Net assets consist of the following:

*Unrestricted* – Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objective of the Organization.

*Temporarily Restricted* – Net assets that are subject to donor-imposed stipulations that will be met either by passage of time or by actions of the Organization. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying statements of activities as net assets released from restrictions.

*Permanently Restricted* – Net assets that are subject to donor-imposed stipulations that do not expire by passage of time. At December 31, 2015 and 2014, the Organization had no permanently restricted net assets.

***Contributions***

Contributions and unconditional promises to give are recorded as revenue when signed pledges are made and are classified as unrestricted, temporarily restricted, or permanently restricted support. Verbal and written intentions to contribute material amounts are not recorded in these financial statements because they do not meet criteria for recognition.

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

***Revenue from Government Grants***

Revenue from government grants is recorded as earned pursuant to terms of existing agreements.

***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 are reported at fair value at the date of the donation.

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

Notes to Financial Statements  
December 31, 2015 and 2014

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

***In-Kind Contributions (continued)***

A large number of volunteers have donated significant amounts of time to the Organization. The value of this donated time is not reflected in these financial statements as it does not meet the criteria for contributed services under U.S. GAAP.

***Museum Revenues***

Revenue from Museum admissions, tours, and memberships represent the majority of Museum revenue. Membership dues are assessed and recognized as revenue over the term of the membership.

***Special Events***

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

***Merchandise Sales***

The Organization sells merchandise in stores and through e-commerce. The Museum store began operations in May 2014 when the Museum opened.

***Deferred Revenues***

Deferred revenue consists of advance ticket purchases for Museum admissions and tours and is recognized when the ticket holder visits the Museum. Membership fees paid in advance are deferred and recognized over the term of the membership.

***Functional Allocation of Expenses***

The costs of providing the program and other activities of the Organization have been summarized on a functional basis. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

***Collections***

The value of the Organization's collection is not reflected as an asset in the statements of financial position, and gifts of collection items are excluded from revenue in the statements of activities. Purchases of collection items are recorded in the year in which the items were acquired as decreases to unrestricted net assets in the statements of activities. Pursuant to the Organization's collections and management policy, proceeds from deaccessions are to be used exclusively to acquire other items for the collection and will be recorded as unrestricted net assets designated for acquisitions of collection items.

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

Notes to Financial Statements  
December 31, 2015 and 2014

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

***Advertising Costs***

Advertising costs are expensed as incurred. Advertising costs were \$555,591 and \$1,975,399 in 2015 and 2014.

***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 2012.

***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 April 29, 2016.

**3. Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and receivables. The Organization places its cash with various financial institutions. Cash and certificates of deposit held with banks in excess of Federal Deposit Insurance Coverage limits totaled approximately \$19,328,000 and \$18,565,500 at December 31, 2015 and 2014.

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 as well as a variety of tour and travel partners.

**4. Government Grant Receivables**

Government grant receivables consist of the following at December 31:

	2015	2014
U.S. Department of Housing and Urban Development ("HUD") passed through Lower Manhattan Development Corp.	\$ 5,143,449	\$ 15,061,087
Empire State Development Corporation	1,260,999	1,260,999
	\$ 6,404,448	\$ 16,322,086

**National September 11 Memorial and Museum  
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Notes to Financial Statements  
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**5. Contributions Receivable, Net**

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

	2015	2014
Due within:		
Up to one year	\$ 5,520,807	\$ 5,008,022
One to five years	12,940,988	16,284,192
	18,461,795	21,292,214
Present value discount	(78,157)	(154,039)
Allowance for doubtful accounts	(633,185)	(720,636)
Contributions receivable, net	\$ 17,750,453	\$ 20,417,539

The discount rates used for pledges outstanding through December 31, 2015, range from 0.11% to 5.0%.

**6. Buildings, Property and Equipment, Net**

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

	2015	2014
Memorial Plaza	\$ 316,342,340	\$ 316,342,340
Museum building	392,845,160	395,980,612
Leasehold improvements	28,773,844	27,747,462
Computer hardware and software	27,492,929	28,275,028
Furniture and equipment	35,191,425	35,653,696
	800,645,698	803,999,138
Accumulated depreciation and amortization	(114,707,810)	(77,106,694)
	\$ 685,937,888	\$ 726,892,444

During 2015 and 2014, buildings, property and equipment valued at \$8,070,371 and \$458,962,820 were placed into service and have been depreciated in accordance with the Organization's capitalization and depreciation policy.

Included in buildings, property and equipment, net, on the statements of financial position, are \$3,884,527 and \$4,176,684 of capitalized in-kind contributions at December 31, 2015 and 2014.

**National September 11 Memorial and Museum  
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Notes to Financial Statements  
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**7. Related Party Transactions**

On May 13, 2013, the Organization entered into a loan agreement with a corporation owned by a member of the Board of Directors, which provides a maximum borrowing limit of \$15 million. At December 31, 2015 and 2014, the Organization had an outstanding balance of \$7,500,000. The loan carries a fixed interest rate of 0.22% and matures on December 31, 2017. For the years ended December 31, 2015 and 2014 interest expense was \$16,500 and \$14,901.

A former member of the Organization's Board of Directors was a board member of a firm that provided use of office space at no charge to the Organization through January 2014. During 2013, the Organization entered into a lease agreement for its administrative office space with this firm. The total in-kind rent contribution was \$10,444,233 and is being amortized over the life of the lease through December 31, 2023. For the years ended December 31, 2015 and 2014, amortization included in rent expense was \$1,053,204 and \$965,433.

**8. Port Authority of New York and New Jersey Memorandum of Understanding**

On October 18, 2012, the Organization and the Port Authority of New York and New Jersey ("PA") entered into a Memorandum of Understanding (the "MOU") to clarify their respective funding responsibilities in connection with the completion of the construction of the Memorial and Museum. Under the terms of the MOU, it is expected that the PA will pay existing and future remaining construction retainage and construction costs. Upon completion and close-out of the construction project and final settlement of the agreed-upon contractual funding responsibilities, the Organization expects to capitalize additional building, property and equipment costs and may recognize revenue for construction retainage amounts for which it is no longer liable. At December 31, 2015 approximately \$4.4 million of construction retainage costs are included in accounts payable and accrued expenses on the accompanying statements of financial position. At December 31, 2014 accounts payable and accrued expenses included approximately \$38.3 million of construction retainage and construction costs payable.

**National September 11 Memorial and Museum  
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Notes to Financial Statements  
December 31, 2015 and 2014

**9. In-Kind Contributions**

In-kind contributions for the years ended December 31 are as follows:

	2015	2014
Furniture and equipment	\$ 668,456	\$ 579,743
Production fees - commemorative events	650,000	-
Advertising space	178,500	1,592,359
Professional services	177,608	344,802
Event space	87,000	-
Other	54,797	46,500
Special event supplies	47,342	160,180
Inventory	11,353	19,728
Rent	-	10,580,956
Construction in progress (CIP)	-	511,946
	\$ 1,875,056	\$ 13,836,214

The costs associated with the above in-kind contributions are included on the statements of functional expenses and the statements of financial position.

**10. Retirement Plan**

The Organization has a 403(b) defined contribution retirement plan for all eligible employees. Under the provisions of this plan, the Organization contributed 4% of participants' earnings in 2015 and 2014. The Organization also made contributions under a voluntary matching program up to a maximum of 6% in 2015 and 2014. Plan expense approximated \$1,194,000 and \$962,000 for 2015 and 2014.

**11. Operating Leases**

The Organization rents space for its administrative offices, retail store, equipment and various storage facilities under lease agreements expiring no later than December 31, 2023. Rent expense for these leases amounted to \$3,138,367 and \$3,221,916 for the year ended December 31, 2015 and 2014.

During February 2014, the Organization received a tenant allowance of \$2 million from the landlord for a buildout of their administrative office space. The total amount is included in deferred rent and is being amortized over the life of the lease through December 31, 2023. The unamortized balance at December 31, 2015 and 2014 is \$1,616,667 and \$1,816,667.

**National September 11 Memorial and Museum  
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Notes to Financial Statements  
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**11. Operating Leases (continued)**

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

2016	\$ 2,646,556
2017	2,670,751
2018	2,686,965
2019	2,352,106
2020	2,030,469
Thereafter	<u>5,570,964</u>
	<u>\$ 17,957,811</u>

**12. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following at December 31:

	2015	2014
Donor imposed time restrictions	\$ 19,138,915	\$ 23,670,669
Software	500,000	-
Museum commemorative and education programs	195,005	150,000
Interior fit-out and exhibition funds	<u>47,647</u>	<u>-</u>
	<u>\$ 19,881,567</u>	<u>\$ 23,820,669</u>

Temporarily restricted net assets 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:

	2015	2014
Donor imposed time restrictions	\$ 6,260,276	\$ 9,374,707
Papal visit	650,000	-
Museum commemorative and education programs	154,995	2,350,000
Interior fit-out and exhibition funds	52,353	3,812,741
Plaza trees maintenance fund	-	67,052
	<u>\$ 7,117,624</u>	<u>\$ 15,604,500</u>

**National September 11 Memorial and Museum  
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Notes to Financial Statements  
December 31, 2015 and 2014

**13. Collections Activities**

The Organization continues to build its permanent collection guided by a 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 collections are 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 2015 and 2014, the Organization spent \$61,787 and \$40,286 on acquisitions of collection items. These acquisitions were funded in part by temporarily restricted cash contributions.

**14. Contingencies**

The Organization has been involved in certain legal actions during the ordinary course of business. The Organization believes it has defenses for such claims and that the claims as they relate to the Organization are substantially without merit. For certain claims another party named in the action is obligated to indemnify the Organization for all claims and liabilities that may arise.

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