

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

Financial Statements

December 31, 2014 and 2013

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, 2014 and 2013, 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, 2014 and 2013, 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.

O'Connor Davies, LLP
June 9, 2015

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

Statements of Financial Position

	December 31	
	2014	2013
ASSETS		
Cash and cash equivalents	\$ 18,820,520	\$ 7,214,390
Prepaid expenses and other assets	5,899,135	4,218,481
Government grant receivables	16,322,086	16,802,137
Contributions receivable, net	20,417,539	10,398,335
Due from Port Authority of New York and New Jersey	10,416,878	-
Buildings, property and equipment, net	726,892,444	289,049,250
Construction in progress	-	395,361,720
	<u>\$ 798,768,602</u>	<u>\$ 723,044,313</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 58,374,369	\$ 41,792,528
Due to Port Authority of New York and New Jersey	-	4,806,855
Deferred museum revenue	1,218,692	468,750
Deferred rent	1,922,809	57,431
Loan payable	7,500,000	-
Total Liabilities	<u>69,015,870</u>	<u>47,125,564</u>
Net Assets		
Unrestricted	705,932,063	660,678,097
Temporarily Restricted	23,820,669	15,240,652
Total Net Assets	<u>729,752,732</u>	<u>675,918,749</u>
	<u>\$ 798,768,602</u>	<u>\$ 723,044,313</u>

See notes to financial statements

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

Statements of Activities

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Museum revenue	\$ 41,941,734	\$ -	\$ 41,941,734	\$ -	\$ -	\$ -
Merchandise sales, net of cost of goods sold of \$2,908,034 and \$3,521,534	5,313,217	-	5,313,217	6,197,680	-	6,197,680
Government grants	19,506,188	-	19,506,188	36,632,133	-	36,632,133
Contributions	13,106,481	12,511,872	25,618,353	26,282,282	3,066,402	29,348,684
Port Authority of New York and New Jersey	38,677,342	-	38,677,342	5,592,893	-	5,592,893
Special events, net of expenses of \$1,501,256 and \$1,434,640	1,138,354	-	1,138,354	2,329,097	25,000	2,354,097
In-kind contributions	2,163,569	11,672,645	13,836,214	901,510	2,456,741	3,358,251
Interest income	13,562	-	13,562	16,637	-	16,637
Other income	894,616	-	894,616	443,157	-	443,157
Net assets released from restrictions	15,604,500	(15,604,500)	-	12,042,654	(12,042,654)	-
Total Support and Revenue	<u>138,359,563</u>	<u>8,580,017</u>	<u>146,939,580</u>	<u>90,438,043</u>	<u>(6,494,511)</u>	<u>83,943,532</u>
EXPENSES						
Memorial and museum program activities	77,698,631	-	77,698,631	51,376,250	-	51,376,250
Management and general	10,916,107	-	10,916,107	6,228,050	-	6,228,050
Fundraising	4,450,573	-	4,450,573	4,230,250	-	4,230,250
Total Expenses	<u>93,065,311</u>	<u>-</u>	<u>93,065,311</u>	<u>61,834,550</u>	<u>-</u>	<u>61,834,550</u>
Change in Net Assets before Museum Collections Activities	45,294,252	8,580,017	53,874,269	28,603,493	(6,494,511)	22,108,982
Museum collections activities	(40,286)	-	(40,286)	(92,033)	-	(92,033)
Change in Net Assets	45,253,966	8,580,017	53,833,983	28,511,460	(6,494,511)	22,016,949
NET ASSETS						
Beginning of year	<u>660,678,097</u>	<u>15,240,652</u>	<u>675,918,749</u>	<u>632,166,637</u>	<u>21,735,163</u>	<u>653,901,800</u>
End 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>

See notes to financial statements

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

Statements of Functional Expenses

	Year Ended December 31, 2014				Year Ended December 31, 2013			
	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses	Memorial and Museum Program Activities	Management and General	Fundraising	Total Expenses
	Salaries	\$ 11,082,992	\$ 2,069,765	\$ 1,562,468	\$ 14,715,225	\$ 8,602,836	\$ 1,834,495	\$ 1,326,834
Payroll taxes and fringe benefits	2,529,324	758,431	368,208	3,655,963	1,884,256	607,267	311,497	2,803,020
Occupancy costs	6,500,634	1,042,156	324,018	7,866,808	3,687,287	141,039	137,357	3,965,683
Insurance	2,160,468	320,069	186,707	2,667,244	826,761	97,426	58,455	982,642
Professional and other fees (includes \$336,302 and \$8,000 of in-kind services)	2,119,836	1,344,471	374,159	3,838,466	1,478,381	404,125	489,927	2,372,433
Engineering and janitorial services	6,919,933	1,208,855	61,790	8,190,578	4,909,798	-	26,520	4,936,318
Security	8,933,300	-	-	8,933,300	6,476,707	-	-	6,476,707
Information technology	1,340,882	189,519	46,419	1,576,820	505,735	1,050,432	64,245	1,620,412
Marketing and advertising (includes \$1,592,360 and \$734,260 of in-kind advertising space)	1,721,564	176,745	446,950	2,345,259	306,230	8,376	958,487	1,273,093
Commemorative programmatic events	3,273,400	-	-	3,273,400	1,195,959	-	-	1,195,959
Repairs and maintenance	2,241,374	383,082	31,675	2,656,131	1,742,358	11,438	9,322	1,763,118
Office supplies	271,384	87,205	16,120	374,709	260,362	35,972	13,285	309,619
Postage	25,184	17,149	473,439	515,772	39,833	15,224	223,464	278,521
Printing	329,007	55,125	197,524	581,656	148,841	24,037	258,364	431,242
Telephone and internet	686,799	97,460	27,111	811,370	133,155	122,922	16,314	272,391
Dues and subscriptions	56,090	21,266	16,539	93,895	124,731	191,970	33,200	349,901
Travel and meetings	245,866	46,347	118,011	410,224	159,235	49,025	84,197	292,457
Amortization	12,219	-	1,357	13,576	24,437	-	2,715	27,152
Depreciation	26,038,319	2,919,806	130,053	29,088,178	18,067,231	1,588,038	193,355	19,848,624
Other expenses	<u>1,210,056</u>	<u>178,656</u>	<u>68,025</u>	<u>1,456,737</u>	<u>802,117</u>	<u>46,264</u>	<u>22,712</u>	<u>871,093</u>
Total Expenses	<u>\$ 77,698,631</u>	<u>\$ 10,916,107</u>	<u>\$ 4,450,573</u>	<u>\$ 93,065,311</u>	<u>\$ 51,376,250</u>	<u>\$ 6,228,050</u>	<u>\$ 4,230,250</u>	<u>\$ 61,834,550</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended December 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 53,833,983	\$ 22,016,949
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount to present value of receivables	154,039	235,669
Recovery of bad debt	125,863	640,697
Depreciation	29,088,178	19,848,624
Amortization	13,576	27,152
Amortization of deferred rent allowance	(134,622)	(54,796)
Loss on disposal of buildings, property and equipment	-	7,200
In-kind rent contributions	(10,580,956)	(1,195,492)
In-kind buildings, property and equipment contributions	(579,743)	-
In-kind construction in progress contributions	(511,946)	(2,456,741)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(1,694,230)	125,366
Government grant receivables	480,051	9,322,279
Due from to Port Authority of New York and New Jersey	(15,223,733)	(10,356,603)
Contributions receivable	281,850	7,997,288
Accounts payable and accrued expenses	16,581,841	(26,465,634)
Deferred museum revenue	749,942	468,750
Net Cash from Operating Activities	72,584,093	20,160,708
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of buildings, property and equipment	(7,388,778)	(2,301,432)
Construction in progress	(61,089,185)	(24,837,614)
Net Cash from Investing Activities	(68,477,963)	(27,139,046)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from related party loan	7,500,000	-
Net Change in Cash and Cash Equivalents	11,606,130	(6,978,338)
CASH AND CASH EQUIVALENTS		
Beginning of year	7,214,390	14,192,728
End of year	\$ 18,820,520	\$ 7,214,390
SUPPLEMENTAL CASH FLOWS INFORMATION		
Non Cash Investing Activities		
Accrued construction in progress	\$ -	\$ 35,883,670
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, 2014 and 2013

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"), Museum Pavilion 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 design 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 year ended December 31, 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 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
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Notes to Financial Statements
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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.

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. 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 property and equipment 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 accounts are relieved of the applicable amounts, and any gain or loss is credited or charged to current operations.

Construction in Progress

Construction in progress ("CIP") includes all costs associated with the construction of the Memorial Museum. Upon substantial completion, the cost of each project phase will be depreciated over its estimated useful life on a straight-line basis. During 2014, CIP valued at \$458,962,820 was placed into service and has been depreciated in accordance with the Organization's capitalization and depreciation policy.

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

Notes to Financial Statements
December 31, 2014 and 2013

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, 2014 and 2013, 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 the Organization's 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. Advances received from government agencies in excess of expenditures incurred for grants in progress are reported as deferred revenue.

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

Notes to Financial Statements
December 31, 2014 and 2013

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

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 membership represents the majority of museum revenue. Membership dues are assessed and recognized as revenue on a calendar basis.

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 ecommerce. 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 are recognized when the ticket holder visits the Museum. Admission tickets are valid for ninety days after purchase. Membership fees are paid in advance 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.

**National September 11 Memorial and Museum
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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$1,975,399 and \$81,392 for 2014 and 2013.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

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 2011.

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 June 9, 2015.

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 \$18,565,000 and \$6,960,000 at December 31, 2014 and 2013.

**National September 11 Memorial and Museum
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Notes to Financial Statements
December 31, 2014 and 2013

3. Concentrations of Credit Risk (continued)

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.

4. Government Grant Receivables

Government grant receivables consist of the following at December 31:

	2014	2013
U.S. Department of Housing and Urban Development ("HUD") passed through Lower Manhattan Development Corp.	\$ 15,061,087	\$ 7,507,236
Empire State Development Corporation	1,260,999	9,294,901
	\$ 16,322,086	\$ 16,802,137

5. Contributions Receivable, Net

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

	2014	2013
Due within:		
Up to one year	\$ 5,008,022	\$ 6,123,578
One to five years	16,284,192	5,356,925
	21,292,214	11,480,503
Present value discount	(154,039)	(235,669)
Allowance for doubtful accounts	(720,636)	(846,499)
Contributions receivable, net	\$ 20,417,539	\$ 10,398,335

The discount rates used for pledges outstanding through December 31, 2014, range from 0.11% to 5.0%.

**National September 11 Memorial and Museum
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Notes to Financial Statements
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6. Buildings, Property and Equipment, Net

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

	2014	2013
Memorial plaza property	\$ 316,342,340	\$ 316,342,340
Museum building	395,980,612	-
Leasehold improvements	27,747,462	5,680,079
Computer hardware and software	28,275,028	13,086,538
Furniture and equipment	35,653,696	1,958,810
	803,999,138	337,067,767
Accumulated depreciation	(77,106,694)	(48,018,517)
	\$ 726,892,444	\$ 289,049,250

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, 2014 and 2013, the Organization had an outstanding balance of \$7,500,000 and \$0. The loan carries a fixed interest rate of 0.22% and matures on December 31, 2017. For the years ended December 31, 2014 and 2013 interest expense was \$14,901 and \$0.

A member of the Organization's board of directors is 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.

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 National September 11 Memorial and Museum. Under the terms of the MOU, it is expected that the PA will pay existing and future construction retainage and construction costs. At December 31, 2014 approximately \$20.8 million of construction retainage and approximately \$17.5 million of construction costs payable are included in accounts payable and accrued expenses in the accompanying statements of financial position. At December 31, 2013, approximately \$24.3 million of construction retainage is included in accounts payable and accrued expenses in the accompanying statements of financial position. Subsequent to December 31, 2014 the PA paid approximately \$19.4 million of these outstanding construction costs payable and retainage. Upon final settlement of the agreed-upon contractual funding responsibilities, the Organization expects to recognize revenue for construction retainage amounts for which it is no longer liable.

**National September 11 Memorial and Museum
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Notes to Financial Statements
December 31, 2014 and 2013

9. In-Kind Contributions

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

	2014	2013
Rent	\$ 10,580,956	\$ -
Furniture and equipment	579,743	-
Advertising space	1,592,359	734,260
Construction in progress (CIP)	511,946	2,456,741
Inventory	19,728	-
Special event supplies	160,180	150,000
Services	344,802	-
Other	46,500	17,250
	\$ 13,836,214	\$ 3,358,251

Included in buildings, property and equipment and CIP, net, in the statements of financial position, are \$4,176,684 and \$3,716,684 of capitalized in-kind contributions at December 31, 2014 and 2013.

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 2014 and 2013. The Organization also made contributions under a voluntary matching program up to a maximum of 6% in 2014 and 2013. Plan expense approximated \$962,000 and \$819,000 for 2014 and 2013.

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 the year ended December 31, 2014 and 2013 was \$3,221,916 and \$2,304,038.

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 was included in deferred rent and is being amortized over the life of the lease through December 31, 2023. The unamortized balance at December 31, 2014 is \$1,816,667.

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Notes to Financial Statements
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11. Operating Lease (continued)

Future minimum lease payments under these agreements are as follows:

2015	\$ 2,390,494
2016	2,398,154
2017	2,412,634
2018	2,428,918
2019	2,312,001
Thereafter	<u>7,482,957</u>
	<u>\$ 19,425,158</u>

12. Temporarily Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Museum commemorative and education programs	\$ 150,000	\$ -
Interior fit-out and exhibition funds	-	3,477,658
Plaza trees maintenance fund	-	67,052
Donor imposed time restrictions	<u>23,670,669</u>	<u>11,695,942</u>
	<u>\$ 23,820,669</u>	<u>\$15,240,652</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:

	<u>2014</u>	<u>2013</u>
To benefit planning for cultural institutions at the World Trade Center site	\$ -	\$ 15,564
Interior fit-out and exhibition funds	3,812,741	931,889
Plaza trees maintenance fund	67,052	1,164,626
Museum commemorative and education programs	2,350,000	-
Donor imposed time restrictions	<u>9,374,707</u>	<u>9,930,575</u>
	<u>\$ 15,604,500</u>	<u>\$12,042,654</u>

**National September 11 Memorial and Museum
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Notes to Financial Statements
December 31, 2014 and 2013

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 February 26, 1993 and September 11, 2001 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 our security and environmental criteria. The collection is also available, through our catalogue database and by appointment, for research purposes and in cooperation with our curators and school educators, for the creation of lesson plans that are then made available through our 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 2014 and 2013, the Organization spent \$40,286 and \$92,033 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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