

Report from the Chief Financial Officer

As reported in the “Report from the Director,” during a year of leadership transition, building across disciplines, and deepening engagement with our global audience, the Museum further strengthened its operations and finances in fiscal year 2023, made progress on priorities outlined in the 2022–27 Strategic Plan, and is in a strong position to support its people and program as we adapt to the conditions of the ongoing pandemic environment.

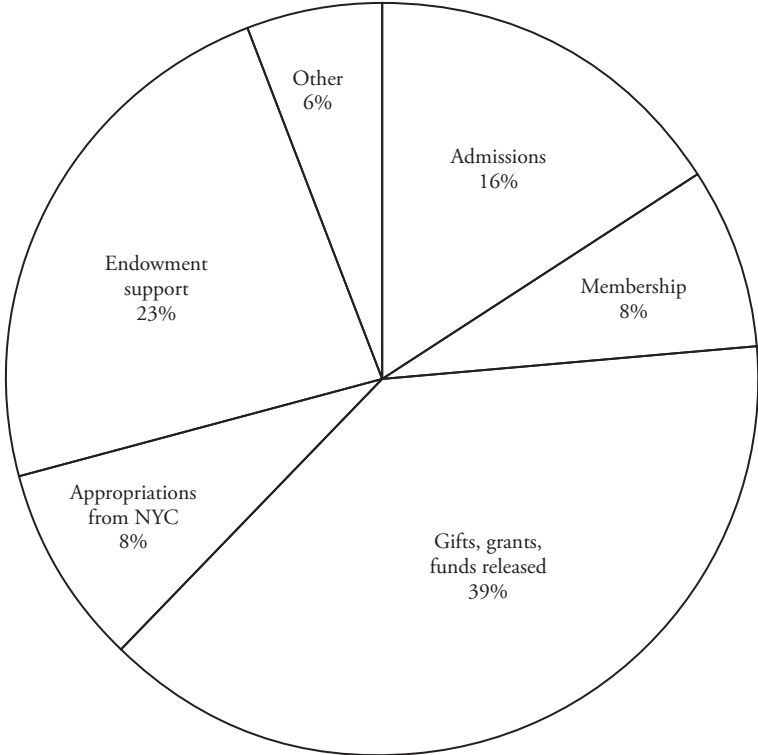
Direct evidence of The Met’s strong recovery in fiscal year 2023 can be seen in its total revenue and other income improvement, which increased by \$16.6 million, or 14%, compared to the prior fiscal year. Operating expenses also increased, by \$23.0 million, or 7% over the prior year, due to non-union hiring costs and other union and non-union wage adjustments. The Museum ended the year with a reduced deficit—\$3.9 million in fiscal year 2023, compared with \$5.6 million in fiscal year 2022.

Revenue

Unrestricted revenue (including auxiliary activities) increased this fiscal year, totaling \$136.2 million, compared to \$119.6 million in fiscal year 2022—a \$16.6 million (14%) increase. Admissions and membership revenue contribute most significantly to the Museum’s unrestricted revenue, and both rebounded significantly due to the recovery of visitors. The growing visitation trends that started two years ago continued in fiscal year 2023, with a notable increase in international visitors (17% of visitors this year, compared to 13% in fiscal year 2022), while domestic, tristate, and local visitors continued to approach pre-pandemic proportions. In fiscal year 2023, admissions revenue increased by \$17.1 million (53.5%) to reach \$49.0 million, while membership revenue decreased by \$2.6 million (9.9%) to reach \$23.6 million.

Revenues from auxiliary activities, primarily the Museum’s retail and restaurant operations, also benefited from the strong trends in

Fiscal Year 2023 Operating Revenue, Support, and Transfers
(Excluding Auxiliary Activities)
\$307.4 Million



visitation. Revenues increased by \$0.1 million (1.3%) to end fiscal year 2023 at \$46.2 million, while operating expenses from auxiliary activities increased by \$2.0 million (4.5%) to \$46.4 million. The year's net loss from auxiliary activities was \$0.2 million, compared to a \$1.2 million net income in the prior year. A successful year in events held at the Museum, along with the income streams associated with them, also benefited revenues in fiscal year 2023.

Support and Transfers

Contributions and grants used to fund Museum operations, including net assets released or transferred from restrictions, totaled \$217.4 million, a \$8.1 million (3.9%) increase compared to the prior fiscal year. The annual support from the Museum's endowment, as set by The Met's Spending Policy, continues to provide a significant source of financial strength and stability to the Museum on the way to regaining the high visitor levels we experienced pre-COVID. In fiscal year 2023, the Museum appropriated \$192.0 million from its endowment through its Spending Policy, representing a 11% increase over the prior year. The Museum's spending rate (i.e., the dollars appropriated annually as a percentage of the endowment's prior year-end market value) was 4.6% in fiscal year 2023, compared to 3.9% in the prior year.

Operating Expenses

Unrestricted operating expenses (excluding auxiliary activities) increased by \$21.0 million (7%) compared to the prior year, totaling \$311.1 million in fiscal year 2023. The key driver was a rebound in activity levels, compared to prior years, including higher levels of activity in programming, events, and marketing.

The Museum's interest expense on its bond and interest rate swaps is reported as a non-operating charge and totaled \$12.9 million in fiscal year 2023, relatively flat with the prior year. Interest expense is fully funded through a designation of the Museum's unrestricted general operating endowment support, which is reflected in the Non-Operating section of the Statement of Activities in the Audited Financial Statements.

Fundraising

Thanks to the Museum's dedicated community of supporters and driven by significant progress in priority capital projects, fundraising increased by \$63.4 million (26.8%) compared to the prior year, to \$300.5 million in fiscal year 2023.

Capital Expenditures

Capital construction and infrastructure-related expenditures totaled \$63.0 million in fiscal year 2023, up from \$61.1 million in the prior year. Key projects included the renovation of the Michael C. Rockefeller Wing and infrastructure upgrades related to the project to renovate the galleries for Ancient Near Eastern and Cypriot Art. For the latter, we received an allocation of \$13 million from the City of New York, from whom we also received \$0.8 million in support of our ongoing close work together on vital programs in outreach, diversity, and energy conservation.

Statement of Financial Position

Net assets at the end of fiscal year 2023 were \$5.0 billion, compared to \$4.7 billion a year ago. Driven by the year's strong fundraising, net assets increased by \$279.3 million (5.9%), and the Museum's investments increased by \$160.8 million (3.4%).

Looking Forward

The Met looks ahead to further visitor recovery, especially in the local and international categories (both of which are still below pre-COVID levels). Alongside steady progress toward regaining high visitor levels, the Museum will continue to reinstate programmatic activities and staffing levels, enhance the overall visitor experience, implement operational improvements, and support our infrastructure. As the Director noted in his report, visitation numbers have been higher than our estimates and the Museum is in a strong financial position. As we balance our finances and operations against many external factors, we are optimistic about our continued recovery and strength as one of the world's preeminent cultural institutions.

Statement of Operations (unaudited)

for the year ending June 30, 2023, with comparative totals for 2022 (in thousands)

	2023	2022
REVENUE, SUPPORT, AND TRANSFERS:		
Admissions	\$ 49,059	\$ 31,952
Membership	23,574	26,170
Gifts and grants	37,268	42,861
Operating appropriations from the City of New York	26,242	22,560
Endowment support for current activities	71,814	65,350
Retail and other auxiliary activities	46,194	45,589
Other income	17,369	15,903
Net assets released from donor restrictions	82,068	78,518
Total revenue, support, and transfers	353,588	328,903
EXPENSES:		
Program services	230,434	213,456
Auxiliary activities	46,396	44,382
Supporting services	80,635	76,644
Total expenses	357,465	334,482
Change in net assets from operating activities	\$ (3,877)	\$ (5,579)