

# INDEPENDENCE SEAPORT MUSEUM ANNUAL REPORT

---

2020-2021



Independence  
Seaport Museum

211 S. Columbus Blvd. | Philadelphia, PA 19106 | 215-413-8655 | [phillyseaport.org](http://phillyseaport.org)



Discovering Philadelphia's river  
of history and world of connections.





## DEAR FELLOW MEMBERS

I write this letter to you reflecting back on some of the most tumultuous times for your Museum, but happy that the Independence Seaport Museum (ISM) survived those “rough waters” and is positioned to thrive well into the future. The pandemic (ie. COVID) set the stage for all the entertainment industry (the industry in which your Museum competes for revenues) as just about every venue from movie theaters, to amusement parks to museums was shut down. During the peak of the pandemic with ISM’s doors closed, ISM took advantage of this “downtime” to accomplish several projects in anticipation of reopening while all along “staying in front of” our members via internet connections. It was no different for ISM than it was for many, many businesses in the US – it was a very difficult time.

It was also during COVID that we had a change of leadership. Long serving President and CEO John Brady retired. It was John who steered “our ship” through the initial stages of the pandemic and it has been his successor, Peter S. Seibert, who assumed the helm in February of 2021. After a national search, Peter came to Independence Seaport Museum from the Buffalo Bill Center of the West in Cody, Wyoming where he was Executive Director and CEO. Bringing years of museum experience from such renowned institutions as the Buffalo Bill Center and Colonial Williamsburg, Peter has with a “fresh set of eyes” spent his time re-examining the museum’s strategic plan, its archives, its collection and ISM’s place in the Philadelphia museum community. The Board of Port Wardens is very excited about Peter’s vision for your institution and its future.

An important, solemn celebration was held on the deck of the *Olympia* to acknowledge the 100th anniversary of the return of the Unknown Soldier to the US. This was done in collaboration with the Navy and Marine Corps – the bearers of the Unknown Soldier. The ceremony received media attention, as it should have, and marked an important date in the history of the *Olympia* – considered by many historians to be the most significant historical ship afloat today.

Further with the *Olympia*, a major marine artifact stewarded by ISM, your Museum has continued with its maintenance and has received philanthropic monies to that end. As one might imagine, a ship of *Olympia*'s age needs considerable "love and care" and she has been receiving it.

With COVID not as omnipresent as it once was, ISM is in "full swing" with its summer programs (camps, Paddle Penn's Landing, etc.). Boats are being built in The Seaport Boat Shop. Kids are exploring the Delaware River in our *River Alive!* labs or on the water. Adults are touring our exhibits learning about the foundation of the US Navy or about slavery in Philadelphia. Importantly, the Museum has entered into a new relationship with a restaurateur and is proud to announce the opening of Liberty Point. This new restaurant is bringing many new "fresh faces" to the Museum's front door and we expect that with all the new activity on Penn's Landing membership should rise.

It has been a time of great change at Independence Seaport Museum. There is a new CEO, there is a fresh look at the Museum's strategic plans, there are enhanced programs to teach and entertain, there is a major new restaurant on the premises and there is great hope for the future – not only for the Museum, but for its location, as Penn's Landing starts to get redeveloped. I encourage you to come and pay a visit if you have not for a while. You will see a change and we are just starting.



A stylized, handwritten signature in blue ink, consisting of a large, sweeping 'P' followed by a series of loops and a long horizontal stroke.

**Peter H. Havens**

Chairman, Board of Port Wardens  
Independence Seaport Museum





## FROM THE PRESIDENT AND CEO

In writing this message, I look out my window and am greeted by the sight of hundreds of people walking along the riverfront on this glorious July afternoon. I can see sailboats on the Delaware River and, in the distance, a cargo ship heading towards the bay and points known only to them. And yet this report reflects upon a tougher time for the Museum, fiscal year 2020-2021 when COVID forced the Museum to close. It was a challenging time that your Museum met through the grit and perseverance of the Board, staff, and volunteers.

In 2020, we wished bon voyage to long-serving President and CEO John Brady as he retired. Honored by the Board and his friends at a special fête in December, the Museum gratefully acknowledges his years of dedicated service.

In the succeeding months, our talented management team, led by Chief Operating Officer and Executive Vice President Mike Flynn, worked tirelessly to ensure that the Museum's operations continued and plans for our newest exhibit *Difficult Journey Home*, a new website, and many other critical projects remained on track and front of mind.

In February, riding on the coattails of record cold and snow, my family and I arrived in Philadelphia. My first days were all about finding everything from paper clips to the proper accounting forms. As a new director, my first task is always to do a lot of listening and thinking. In doing so at ISM, I realized again and again how committed our staff and supporters are to the success of the organization.

Those initial conversations led to our new strategic plan, unanimously adopted by the Board of Port Wardens in June. The plan, with a focused three-year timetable, is a road map of our future. It addresses building sustainability and managing our physical assets with the additional goals of refining and defining not only our messaging but also our audience.

Needless to say, I am excited by these prospects and where we are going institutionally. The days after the plan's adoption by the Board saw a flurry of activity as every task force and working group charged forward with kicking the plan into action. The enthusiasm is strong and I look forward to the incredible journey ahead to take ISM to the next level.

Onward and upward.

**Peter S. Seibert**

President and CEO  
Independence Seaport Museum





# BOARD OF PORT WARDENS

Peter H. Havens, **Chairman**

Peter Ernst, **Vice-Chair**

William L. Lane III, **Vice-Chair and Treasurer**

James T. Giles (Ret. USDJ), **Secretary**

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Joseph B. Lockley

Tim McGrath

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Pam Switlik

Jeff Theobald

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Joseph F. Huber

Peter McCausland

## EXECUTIVE STAFF

Peter S. Seibert, President and CEO

Michael J. Flynn, Executive Vice President and COO

Jae Wook Shim\*, Controller

Judy Baker, Human Resources and  
Volunteer Programs Manager

*\*Current Controller at time of publication*



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Audit: FY 2020-2021





# MUSEUM

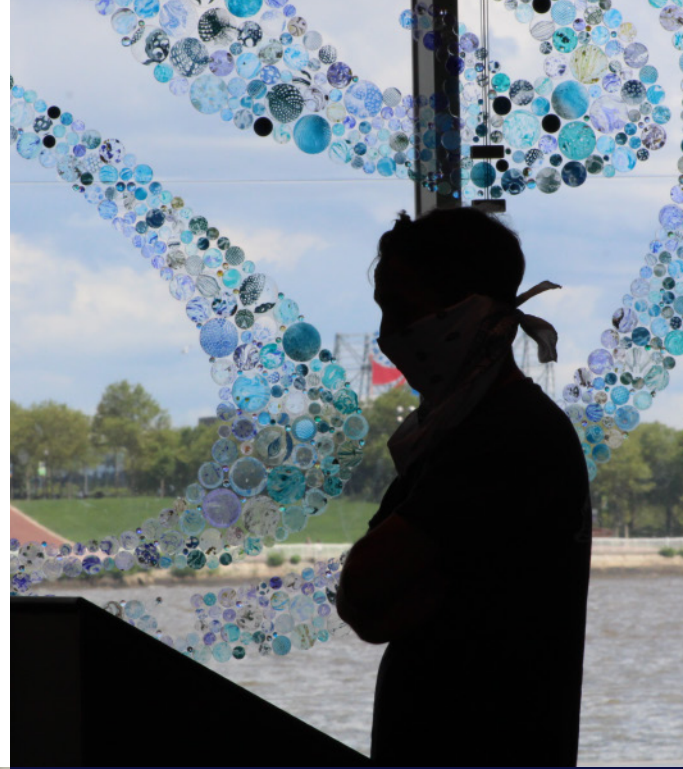
At the beginning of fiscal year 2021, Independence Seaport Museum was in the midst of COVID, with limited access to the public at our physical location. A bright spot during this tumultuous year was our ability to connect with people virtually, all across the globe. Whether through Zoom lectures, YouTube videos, or visits to our website, we were ready to welcome our community of followers however possible.



# ADMISSIONS

After closing our doors to the public in March 2020 due to COVID, ISM finally reopened the Museum and Cruiser *Olympia* on July 18, 2020 for a weekend-only schedule and hosted visitors until the city mandated closure on November 20, 2020.

On March 20, 2021, ISM welcomed visitors back Saturdays and Sundays and moved to a 7-days a week schedule on May 10, 2021.



## ISM VISTORS & MEMBERSHIPS

**8,331**

Cruiser *Olympia*

**5,509**

Museum Building

**340**

Active Memberships



**YOUTUBE  
TRAFFIC & VIEWS**

**53,242**

Video Views

**2,815**

Hours of Watch Time

**666**

Subscribers

**WEBSITE  
TRAFFIC & VIEWS**

**90,572**

Unique Visits

**262,922**

Pageviews







# 3,500

Paddle Penn's Landing

# 136

Kayakers – Excursions

## ON-WATER

The Museum saw the return of paddlers and kayakers alike, albeit on a reduced schedule, for the 2020 on-water summer season. Families and friends seeking a return to normalcy were able to explore the Delaware River (with appropriate social distancing in place) in their favorite swan, while others were able to explore prominent sites along the waterfront, such as Three Sisters Shipwreck and Graffiti Pier, on guided excursions.

# COLLECTIONS

*Light on Steel on Water*, an exhibit featuring 13 paintings created during Wayne Art Center's 13th annual Wayne Plein Air Festival, was extended through the 2021 season. The exhibit, *The British Mistake*, closed in the spring of 2020 and was in preparations to travel down to Fort Mifflin, but was delayed due to COVID. It finally landed in the Summer of 2021, with the cheval de frise in tow. Taking its place, *Selections from the Collection*, features rare and unique ISM artifacts, objects, and paintings.

The Museum also received gifts of historic materials from 18 generous donors. The highlights include:

- ▶ A 13-star, eight stripe American naval ensign, measuring 6 x 10 feet, dating no later than the War of 1812. Because flags are constantly subjected to the wind and weather, early flags like this one rarely survive.

*Gift courtesy of John Monsky, 2020.023*

- ▶ A set of 5 exhibition photographs by E. H. Hart, circa 1890, of locally built naval vessels, which were likely displayed at the Philadelphia Navy Yard.

*Gift courtesy of Grand Army of the Republic Museum and Library, 2021.003*

- ▶ A bell used by restaurateur Martha Bookbinder to call dock works to lunch in the early 20th century. Her restaurant was located at 125 Walnut Street and was the defacto meeting hall for port organizations for decades.

*Gift courtesy of Erich Weiss, 2021.006*

- ▶ A suite of drawings by Walter Stuempfig capturing candid views of the Schuylkill River's urban banks and the Cape May, New Jersey shore. Stuempfig taught composition and drawing at the Pennsylvania Academy of Fine Arts from 1948 to 1970.

*Gift Courtesy of Elizabeth Boyton Asby, by exchange, 2021.009*





## 2020-21 School Year

24

SAILOR  
Students

04

EAGLE  
Students

## Summer 2020

21

River  
Ambassadors

## Winter 2020-21

25

River  
Ambassadors

## Summer 2021

21

River  
Ambassadors

04

SAILOR  
Ambassadors

ISM's SAILOR & River Ambassadors program is a WorkReady provider.

ISM's SAILOR & River Ambassadors are also supported by the William Penn Foundation.

# EDUCATION PROGRAMS

Independence Seaport Museum continued its mission of educating the next generation with the return of three established programs for local high-school students and a brand-new offering that began in June 2021:

- **SAILOR:** Students connect to the water through wooden boatbuilding. This hands-on approach encourages growth in Engineering, Mathematics, and the Sciences, team-building, and problem-solving.
- **EAGLE:** A four-year program exclusive for young high school women, this program fosters those with an interest in Science, Technology, Engineering, and Math (STEM). ISM proudly partners with the Naval Supply Systems Command Weapon Systems Support (NAVSUP) to offer this opportunity.
- **River Ambassadors:** Participating students learn to lead citizen science programs for the public and conduct daily water testing, in turn becoming ambassadors in their community, highlighting the importance of our waterways and the need to keep them clean.
- **SAILOR Ambassadors:** Based in The Seaport Boat Shop, students work on eco-woodworking projects throughout their time at the Museum.



# THE SEAPORT BOAT SHOP

The Seaport Boat Shop, formerly known as the Workshop on the Water, is dedicated to the skills and traditions of wooden boat building and sailing in the Delaware Valley and the New Jersey shore. Open to the public, visitors can interact with boat builders as they work on various projects at any point during their time at ISM.

**162**

Feet of  
Planks  
Milled

**80**

Oak  
Frames  
Bent

**2,200**

Copper  
Rivet  
Sets

**500**

Gallons  
of Wood  
Shavings

**360**

Feet of  
 $\frac{1}{2}$  Steel  
Rod Bent

**240**

Feet of  
Shrouds  
Made

**24**

Dead  
Eyes  
Carved

**06**

Irritating  
Splinters  
Removed

**04**

Big Holes  
Fixed Above  
*Diligence*

**∞**

Cups of  
Coffee  
Drank



# HISTORIC SHIPS

Cruiser *Olympia* and Submarine *Becuna* remain the primary reasons why guests come to Independence Seaport Museum. Earlier in 2020, ISM celebrated *Olympia*'s 125th Commissioning Anniversary, which also served as a prelude to the 2021 Centennial Anniversary of transporting the American Unknown Soldier from World War I back to the United States from Le Havre, France.

Even though Submarine *Becuna* was closed during this time due to COVID-19 concerns, "Becky" still welcomed an audience on YouTube as viewers were led on multiple virtual tours.

The Museum is committed to preserving both ships for generations to come as a way not only to highlight their naval significance but also the stories of all those who served on board.

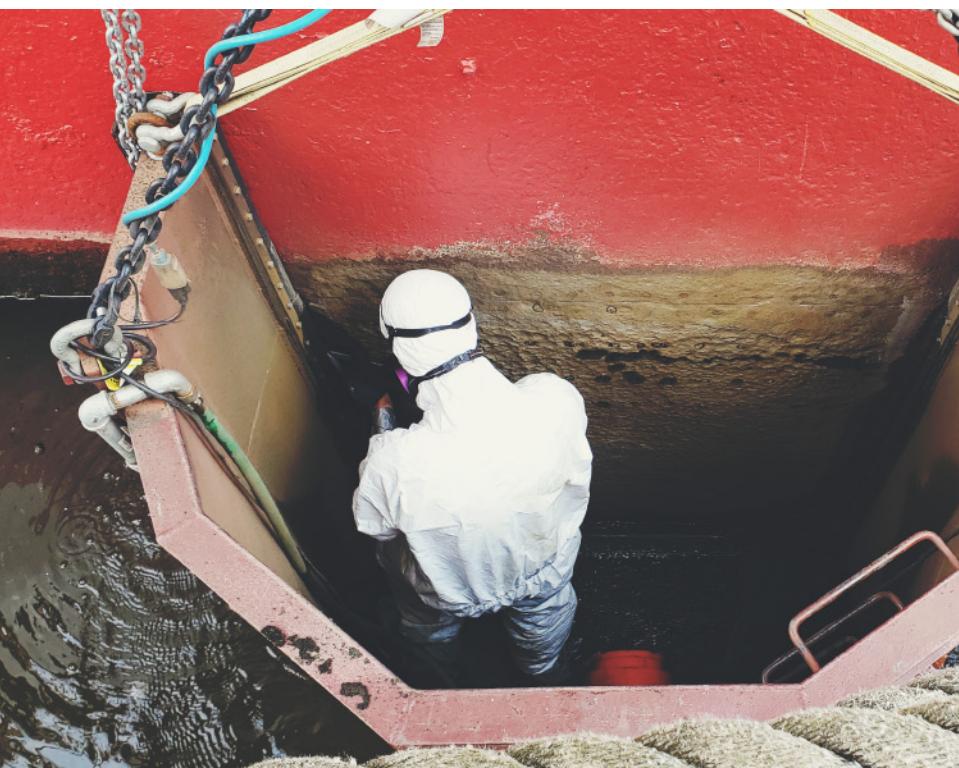


# CRUISER OLYMPIA PROJECT

Independence Seaport Museum continued its commitment to Cruiser *Olympia*'s restoration this year by focusing on the ship's hull with funding from the **Keystone Historic Preservation Grant**, offered through **Pennsylvania's Historical and Museum Commission**.

Conducted in a joint effort between Erik Carlsen of the Philadelphia Machine Works and the ship's dedicated preservation crew, those involved were able to **access *Olympia*'s waterline hull through the use of a cofferdam and successfully inspected and repaired a piece roughly 32 feet long.**

These repairs were of critical necessity to prevent future water damage and ensure the ship's stability for years to come.





# DIFFICULT JOURNEY HOME

The Unknown Soldier Aboard *Olympia*



## DIFFICULT JOURNEY HOME

Comprised of 11 panels, this special exhibition told the little-known story of how, on its journey across the Atlantic, Cruiser *Olympia*'s captain, crew, and the Marine Honor Guard attachment aboard risked their lives **to ensure the Unknown Soldier be delivered safely to Washington D.C.**

*Difficult Journey Home* also featured animation by Drexel University's Westphal College of Media Arts & Design and Assistant Teaching Professor Dan Rose.

16

Days to Travel  
Back Home

10

Days of Bad  
Weather

01

Hurricane  
Sailed Through







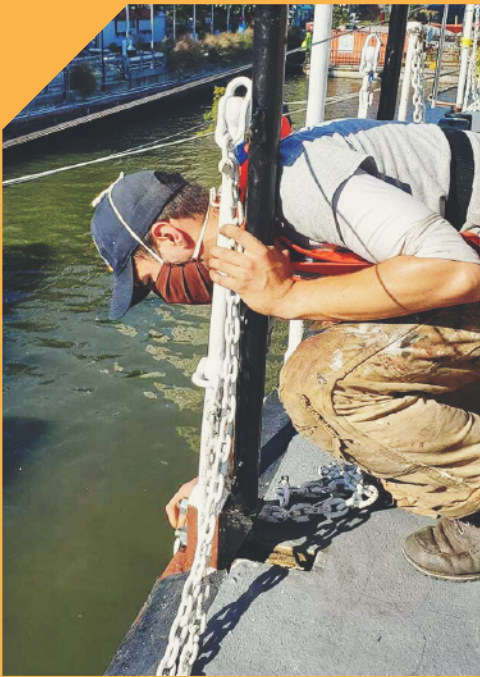
## HISTORICAL MARKER

Unveiled during ISM's Annual Memorial Day Ceremony in 2021, this marker honors the tradition of previous markers while also **honoring not only the Unknown Soldier, but the crew and Honor Guard aboard** who so gallantly protected the Unknown's remains with little thought for their own lives. This version includes a reproduction of the original marker from the 1920s (including its original font type) along with a bronze slab that represents the dimensions of a casket, which recalls the second historical marker.

# 7,000

Nautical Miles Olympia  
Sailed Home with the  
Unknown Soldier, 1921





# QUARTERDECK GOFUNDME CAMPAIGN

The Museum organized a GoFundMe campaign to upgrade *Olympia's* quarterdeck's safety features to accommodate public viewing, self-guided tours, and special events.

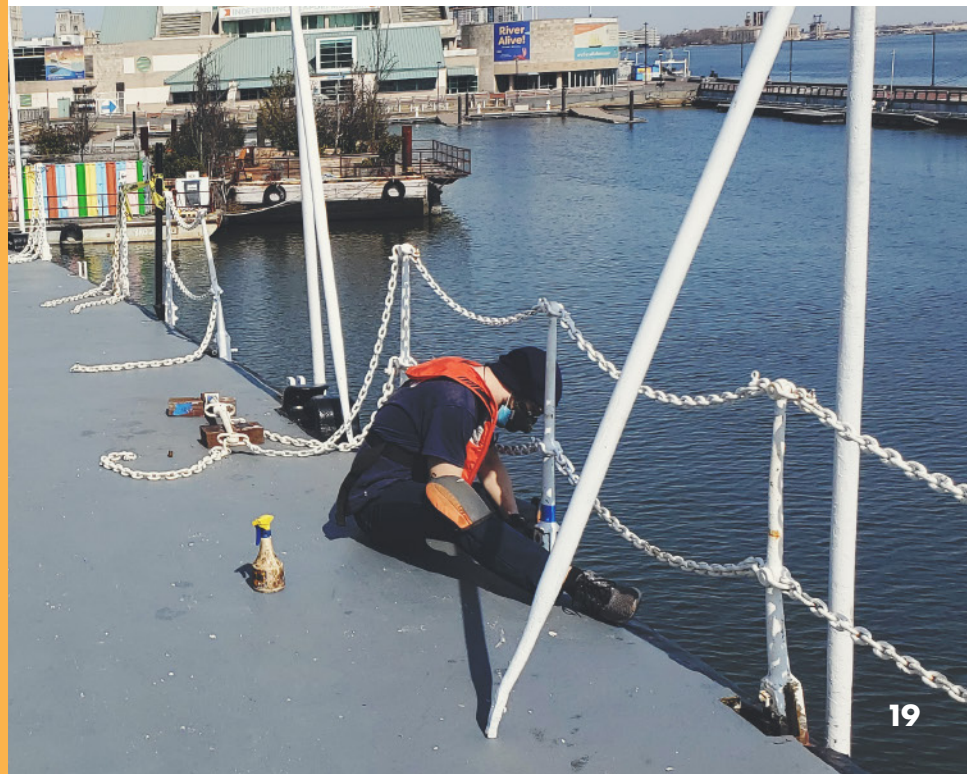
➤ **\$11,185** raised by **99 donors**  
in less than **60 days**

➤ *Olympia's* crew finished the  
project in **8 months**

Completed weld repairs and added  
**31 new steel bolt-on stanchion bases**

Installed **1,500 feet of wire rope**  
and **400 feet of netting**

➤ **2,600 square feet** of *Olympia*  
opened to the public





# DEVELOPMENT

The Museum is grateful to its many donors who have supported us over the years and through COVID-19. Their support has enabled us to continue providing both exceptional programs and exhibitions as well as ensuring that our world-class collections are preserved for the next generation. During this fiscal year, the Development Department worked closely with those in Marketing and Communications to keep in contact with and connected to our supporters. In addition, museum grant writers actively pursued funders for key projects, including the ongoing restoration of Cruiser *Olympia*, K-12 educational programming, and environmental education. The Development team also ran a successful event with the Museum's Board of Port Wardens to celebrate the career of retiring museum President and CEO John Brady.



# THANK YOU TO OUR DONORS

## **\$100,000 OR MORE**

Philadelphia Office of Arts, Culture, and the Creative Economy

## **\$50,000 – \$99,999**

H.F. Lenfest Fund

Mr. and Mrs. Peter H. Havens

NAVSUP Fleet Logistics Center Norfolk

W. W. Smith Charitable Trust

William Penn Foundation

## **\$25,000 – \$49,999**

Alliance for Watershed Education of the Delaware River

McLean Contributionship

Pennsylvania Historical & Museum Commission

Peter R. & Cynthia K. Kellogg Foundation

Philadelphia Cultural Fund

## **\$10,000 - \$24,999**

Mrs. J. Welles Henderson

Jeanne M. and John W. Rowe

Mrs. Mary L. Smith

McCausland Foundation

The John Quincy Adams Foundation  
of the Founders and Patriots of America

Philadelphia Cultural Fund

Richard C. von Hess Foundation

River Ways Collaboration of Culture

Trust Greater Philadelphia

U.S. Navy Cruiser Sailors Association

Withington Foundation

## **\$5,000 - \$9,999**

The Allen Hilles Fund

BNY Mellon

Laura Brody and Max Kaiserman

Caroline and Peter Ernst

Mr. James T. Giles

National Endowment for the Arts

National Fish and Wildlife Foundation

Prudent Management Associates

Mr. and Mrs. Stanley Switlik

Whitehall Foundation, Inc.

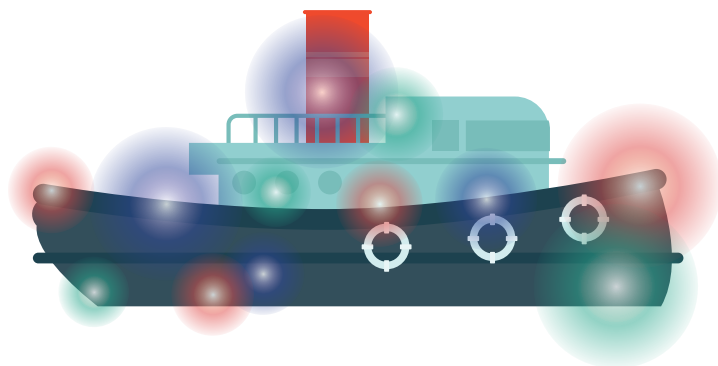
### **\$1,000 - \$4,999**

Carolyn Adams and John Meigs  
Affleck Family Charitable Fund  
Mr. George J. Ahern  
American Continental Group, Inc.  
Mr. and Mrs. W. Thacher Brown  
Laura and Bill Buck  
The Catherwood Family Fund  
Christian R. and Mary F. Lindback Foundation  
Connelly Foundation  
JP Hawsingham  
John Devereux  
Dolfinger-McMahon Foundation  
The Durst Organization  
Drs. Maggy Myers and Jonathan Epstein  
Filipino Executive Council of Greater Philadelphia  
Mr. and Mrs. Austin T. Fragomen, Jr.  
Barbara and John Schwarzenbach  
Ms. Elizabeth Gallagher and Dr. Arthur Sulzer  
Mrs. Debbie Gibbons-Neff  
Laura and Jack Gregg  
Huber Family Charitable Fund  
Mr. and Mrs. Joseph F. Huber  
The Joseph Robert Foundation  
Mr. John F. Kirby  
Mr. John Lehman and Ms. Christine Carlson  
Elizabeth and James Lunbeck  
Cyd and Tim McGrath  
Mr. and Mrs. James W. McLane  
National Wildlife Federation  
PhilaPort  
Robert N. Post  
Ms. Daria Rovinski and Mr. Robert Prosser  
The Rorer Foundation, Inc.  
Alberto R. Savoretti MD  
Mr. and Mrs. Peter Swift Seibert  
Robert Wallis  
Mr. Michael R. Webber  
Rear Adm. Louise C. and Mr. James E. Wilmot Family  
Foundation  
Mr. and Mrs. George H. Wimberg, Jr.

### **FLAGSHIP OLYMPIA FOUNDATION**

Carolyn Adams and John Meigs  
Laura Brody and Max Kaiserman  
McCausland Foundation  
Mr. William F. McLaughlin, Jr.





# parade of lights A HOLIDAY TOAST

presented by Louise & Peter Havens  
and McCausland Foundation



In December 2020, ISM hosted two online events. On Wednesday, December 9, A Holiday Toast celebrated John Brady's 32 years at ISM. The hour-long event was streamed live and featured videos to commemorate John Brady's career and highlighted ISM's Collection, historic ships, and education programs. The program concluded with a lively auction, Raise the Paddle, and a pre-screening of the Virtual Parade of Lights.

Parade of Lights was held virtually in 2020, premiering on Saturday, December 12 on ISM's YouTube and Facebook pages. The actual boat parade on the Delaware River was recorded on Wednesday, December 2, and edited to an 8-minute video with festive music added. A Holiday Toast and the Virtual Parade of Lights had over 1,000 views on YouTube.

## PARTICIPATING BOATS

McAllister Towing & Transportation  
Moran Towing  
Philadelphia Barge Company  
Philadelphia Salvage Co.'s *Knock on Wood*  
The Sailboat the *High Life*

## SPONSORS

### TUGBOAT

Louise & Peter Havens  
McCausland Foundation

### CRUISER

Pamela & Stanley Switlik  
Burchenal Green

### BARKENTINE

Maggy Myers & Jonathan Epstein  
PhilaPort

### SCHOONER

Carolyn Adams & John Meigs  
Thayer & Robert Adams  
Sandra & Scott Adzick  
American Continental Group, Inc.  
Grace & Thomas Ashton  
Cheryl & Hans Bombeck  
Laura Brody & Max Kaiserman  
Laura & William Buck  
Christine Carlson & John Lehman  
Peter Chance  
Carol & Richard Collier  
Captain David Cuff  
Karen & John Cunningham  
John C. Devereux  
Gene & Charles Dilks  
Sara & Thomas Emlen  
Caroline & Peter Ernst  
Gwen & Austin Fragomen  
Mr. & Mrs. William L. Gaunt  
Hon. James T. Giles (Ret. J.)  
Mr. & Mrs. Richard Groff  
Nathan Hauser  
Louise & Joseph Huber  
Maritime Academy Charter  
Michelle & William Marvin  
Eugene Mattioni  
William McLaughlin  
Meg & James McLane  
Bruce Melgarey  
John Pakenham  
David Pierson  
The Pilots' Association  
for the Bay & River Delaware  
Robert Post  
Karl Schoettle  
Mr. & Mrs. Paul Thompson III



From June 4 through June 30, ISM hosted the inaugural Summer Collection: A Home & Lifestyle Online Auction, featuring nautical and nature-inspired art, homewares, and leisure items. In keeping with our maritime roots, Summer Collection highlights a curated selection of work from local and national artists, furniture, and boats.

## PARTICIPATING ARTISTS

Patrick Amox  
Lara Cantu-Hertzler  
Eva E. Glassworks  
Richard Goodman  
Joe Jordan  
Jessica Libor  
Lisa Matera  
Jane Michalski  
Lina Minicucci  
Garner Moody  
Jeffrey Reed  
The Seaport Boat Shop  
Joe Sweeney  
Diane Tomash  
Carol Ventura  
Mike Weaver  
Chris Zmiejewski





# FINANCIALS

What follows is Independence Seaport Museum's audit for July 1, 2020 – June 30, 2021, prepared by Marcum LLP.

*Independence Seaport Museum is a 501 (c)(3) nonprofit organization, Federal Tax ID #23-1584971. Official registration and financial information may be obtained from the PA Department of State by calling toll-free, within Pennsylvania, 1-800-732-0999. Registration does not imply endorsement.*



**INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Summarized Comparative Financial Information**  
**as of and for the year ended June 30, 2020)**



# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Independence Seaport Museum and Affiliate

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Independence Seaport Museum and Affiliate (a nonprofit Museum), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated 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 audit. We conducted our audit 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 from 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 auditor's 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 consolidated financial position of Independence Seaport Museum and Affiliate as of June 30, 2021, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the Independence Seaport Museum and Affiliate's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 17, 2020. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Marcum LLP*

Philadelphia, PA  
June 2, 2022

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2021

(With Summarized Comparative Financial Information as of June 30, 2020)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 517,574	\$ 489,610
Promises to give and other receivables	215,593	49,050
Investments	23,103,305	18,903,674
Prepaid expenses and other current assets	30,964	30,739
Property and equipment, net	4,172,621	5,241,940
Other assets	129,055	91,065
<b>Total Assets</b>	<u>\$ 28,169,112</u>	<u>\$ 24,806,078</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 274,425	\$ 121,775
Deferred revenue	256,106	66,287
Deferred rent obligation	192,295	269,500
Long-term debt	924,328	960,327
<b>Total Liabilities</b>	<u>1,647,154</u>	<u>1,417,889</u>
<b>Net Assets</b>		
Without donor restrictions		
General	3,239,494	4,254,000
Board designated	23,103,305	18,910,889
Total without donor restrictions	<u>26,342,799</u>	<u>23,164,889</u>
With Donor Restrictions	<u>179,159</u>	<u>223,300</u>
<b>Total Net Assets</b>	<u>26,521,958</u>	<u>23,388,189</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 28,169,112</u>	<u>\$ 24,806,078</u>

*The accompanying notes are an integral part of these consolidated financial statements.*



# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2021

(With Summarized Comparative Financial Information for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>Revenue, Support and Other Income</b>				
Contributions	\$ 432,467	\$ 394,289	\$ 826,756	\$ 875,900
Museum admissions	103,918	--	103,918	309,496
Memberships	17,131	--	17,131	37,224
Boatshop and docks	90,010	--	90,010	124,064
Education programs	41,575	--	41,575	103,394
Facilities rental	61,891	--	61,891	92,601
Special events, net of costs of direct benefits to donors of \$41,010 in 2021 and \$5,892 in 2020	75,263	--	75,263	(892)
Other income	29,915	--	29,915	5,640
Net assets released from restrictions	438,430	(438,430)	--	--
<b>Total Revenue, Support and Other Income</b>	<b>1,290,600</b>	<b>(44,141)</b>	<b>1,246,459</b>	<b>1,547,427</b>
<b>Functional Expenses</b>				
Program services	3,517,370	--	3,517,370	4,100,502
Supporting services				
Management and general	418,674	--	418,674	412,995
Fundraising	333,299	--	333,299	342,750
<b>Total Expenses</b>	<b>4,269,343</b>	<b>--</b>	<b>4,269,343</b>	<b>4,856,247</b>
<b>Change in Net Assets From Operating Activities</b>	<b>(2,978,743)</b>	<b>(44,141)</b>	<b>(3,022,884)</b>	<b>(3,308,820)</b>
<b>Investment Income, Net</b>	<b>5,635,233</b>	<b>--</b>	<b>5,635,233</b>	<b>176,180</b>
<b>Other Income (Expense), Net</b>				
Change in cash surrender value of life insurance	37,990	--	37,990	1,872
Forgiveness of Paycheck Protection Plan loan	498,220	--	498,220	-
Retail and auxiliary activities	4,596	--	4,596	(6,421)
Loss on sale of fixed assets	(5,504)	--	(5,504)	-
Interest expense	(13,882)	--	(13,882)	(18,319)
<b>Total Other Income (Expense), Net</b>	<b>521,420</b>	<b>--</b>	<b>521,420</b>	<b>(22,868)</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,177,910</b>	<b>(44,141)</b>	<b>3,133,769</b>	<b>(3,155,508)</b>
<b>Net Assets - Beginning of Year</b>	<b>23,164,889</b>	<b>223,300</b>	<b>23,388,189</b>	<b>26,543,697</b>
<b>Net Assets - End of Year</b>	<b>\$ 26,342,799</b>	<b>\$ 179,159</b>	<b>\$ 26,521,958</b>	<b>\$ 23,388,189</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2021

(With Summarized Comparative Financial Information for the year ended June 30, 2020)

	Program Services	Management and General	Fundraising	2021 Totals	2020 Totals
Compensation and benefits	\$ 1,565,769	\$ 256,989	\$ 248,387	\$ 2,071,145	\$ 2,357,525
Program supplies and materials	43,884	--	--	43,884	120,583
Grants	-	--	--	-	52,249
Professional services	130,881	50,695	17,790	199,366	272,364
Occupancy	338,675	26,335	11,436	376,446	379,910
Office supplies and other expenses	80,250	15,269	15,453	110,972	139,163
Depreciation and amortization	1,116,693	51,449	22,007	1,190,149	1,192,001
Advertising and promotion	19,909	7,052	5,970	32,931	57,077
Insurance	154,424	8,879	6,705	170,008	149,566
Exhibit maintenance and development	57,642	--	--	57,642	49,911
Museum events	643	800	4,378	5,821	68,248
Staff development, travel and entertainment	8,600	1,206	1,173	10,979	17,650
<b>Operating expenses</b>	<u>3,517,370</u>	<u>418,674</u>	<u>333,299</u>	<u>4,269,343</u>	<u>4,856,247</u>
Costs of direct benefits to donors	--	--	41,010	41,010	5,892
Cost of goods sold	561	--	--	561	4,674
Interest expense	--	13,882	--	13,882	18,319
<b>Total functional expenses</b>	<u>\$ 3,517,931</u>	<u>\$ 432,556</u>	<u>\$ 374,309</u>	<u>\$ 4,324,796</u>	<u>\$ 4,885,132</u>

*The accompanying notes are an integral part of these consolidated financial statements.*



# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

(With Summarized Comparative Financial Information for the year ended June 30, 2020)

	2021	2020
<b>Cash Flows Used In Operating Activities</b>		
Change in net assets	\$ 3,133,769	\$ (3,155,508)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,190,149	1,192,001
Forgiveness of Paycheck Protection Plan loan	(498,220)	--
Net realized and unrealized (gains) losses on investments	(5,083,107)	277,720
Increase in cash surrender value of life insurance	(37,990)	(1,872)
Changes in operating assets and liabilities:		
Promises to give and other receivables	(166,543)	121,675
Prepaid expenses and other assets	(225)	2,707
Accounts payable and accrued expenses	152,650	(59,400)
Deferred rent obligation	(77,205)	(77,000)
Deferred revenue	189,819	21,298
<b>Net Cash Used In Operating Activities</b>	(1,196,903)	(1,678,379)
<b>Cash Flows Provided By Investing Activities</b>		
Purchase of property and equipment	(126,334)	(148,151)
Purchase of investments	(4,186,694)	(2,647,424)
Proceeds from sale of investments	5,041,694	3,961,218
<b>Net Cash Provided By Investing Activities</b>	728,666	1,165,643
<b>Cash Flows Provided By Financing Activities</b>		
Proceeds from Paycheck Protection Plan loan	519,200	498,220
Repayments of long-term debt	(56,979)	(59,385)
<b>Net Cash Provided By Financing Activities</b>	462,221	438,835
<b>Net Decrease in Cash and Cash Equivalents</b>	(6,016)	(73,901)
<b>Cash and Cash Equivalents - Beginning of year</b>	606,210	680,111
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 600,194</u>	<u>\$ 606,210</u>
<b>Cash and Cash Equivalents Reported on the Statement of Financial Position</b>		
Cash and cash equivalents	\$ 517,574	\$ 489,610
Cash and cash equivalents held within investments	82,620	116,600
<b>Total Cash and Cash Equivalents</b>	<u>\$ 600,194</u>	<u>\$ 606,210</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
<b>Cash paid during the years for:</b>		
Interest	<u>\$ 13,882</u>	<u>\$ 18,319</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *NATURE OF ACTIVITIES*

The Core Purpose or Mission of the Independence Seaport Museum (the “Museum”) is to discover Philadelphia’s river of history and world of connections. Serving a wide and diverse audience and holding its collections in trust for the community, the Museum tells the stories of the people, historical events and environmental changes of the Delaware River and its tributaries. It looks to a broad regional definition of the River to include both Philadelphia and Camden as well as portions of the southern coast of New Jersey and the Schuylkill river drainage.

Utilizing its premier collection of historical documents and artifacts, including the two historic ships--the Cruiser Olympia and the submarine Becuna—the museum engages its guests through exceptional exhibitions, publications, original scholarship and an ever-growing area of educational programs. The museum’s collections span from the colonial period to the contemporary and are particularly rich in fine arts, industrial history (owning records from six of the seven largest shipyards in the region), and technology.

The Cruiser Olympia and submarine Becuna connect guests to the story of America’s naval history insofar as the US Navy was established in 18th century Philadelphia. The Olympia, the last remaining 19th century ironclad in the United States, was used as Admiral Dewey’s flagship at the Battle of Manila Bay during the Spanish American War. The Becuna served from World War 2 through much of the Cold War as part of the Navy’s undersea presence. In March 2016, the Museum established the Flagship Olympia Foundation as an affiliated not-for-profit organization to assist in fundraising activities for the Cruiser Olympia.

The museum provides an exceptional program of public engagement that includes extensive programming out on the Delaware River as well as within its museum spaces. Our primary K-16 programmatic function is to use the content found in our collections along with the pedagogical training of our staff to bring to life the myriad stories of the region. The museum also provides numerous programs for lifelong learners including hands-on programs in our boat shop, formal lectures and book readings, and corporate team building experiences in our water-based programs.

A volunteer board of trustees known as the Board of Port Wardens (the Board”) governs the Museum. Along with the Board, more than a hundred volunteers donate their services to further the mission of the museum in a host of ways. The museum is accredited by the American Alliance for Museums and has received numerous state and national awards for its programs and exhibitions.



# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***PRINCIPLES OF CONSOLIDATION***

The accompanying consolidated financial statements include the accounts of the Museum and the Foundation. Any inter-Museum transactions and balances are eliminated in consolidation.

#### ***BASIS OF PRESENTATION***

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States of America, utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

#### ***NEW ACCOUNTING PRONOUNCEMENT***

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 provides a single comprehensive revenue recognition framework and supersedes existing revenue recognition guidance. Included in the new principles based revenue recognition model are changes to the basis for deciding the timing for revenue recognition. In addition, the standard expands and improves revenue disclosures. ASU 2014-09 was initially effective for annual or interim reporting periods beginning after December 15, 2018, but pursuant to ASU 2020-05, an organization could defer implementation of ASC 606 for one year, if ASU 2014-09 was not yet adopted. The Museum implemented ASU 2014-09 on July 1, 2020.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Museum implemented the provisions of ASU 2018-08 under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

#### ***RECLASSIFICATION***

Certain amounts reported in prior years in the financial statements have been reclassified to conform to the current year’s presentation. These reclassifications had no effect on the reported results of operations.

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *NET ASSET CLASSIFICATION*

The Museum reports its net assets as follows:

*Net Assets Without Donor Restrictions* – represents the portion of expendable funds that are available for any purpose in performing the primary objectives of the Museum at the discretion of the Museum’s management and the Board, including amounts designated by the Board to act as quasi-endowments.

*Net Assets With Donor Restrictions* – represents funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Museum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity, with the earnings used for purposes designated by the donor. See Note 7 for more information of net assets with donor restrictions.

#### *CASH AND CASH EQUIVALENTS*

Cash and cash equivalents include all cash balances, money market funds and highly liquid investments purchased with an initial maturity of three months or less unless they are part of an investment brokerage account. The Museum has elected to include in investments, cash held in brokerage accounts.

#### *INVESTMENTS*

The Board determines the proper classification of investments in marketable securities at the time of purchase and reevaluates such designations at the statement of financial position date. Investments are reported at their fair value in the statement of financial position. Fair value is defined as 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. All realized and unrealized gains and losses are recognized in the statement of activities and changes in net assets unless there are donor restrictions on the use of the income. The fair value of the limited partnership investment is determined based on the net asset value (“NAV”) provided by the external investment manager of the underlying funds as a practical expedient to determine the fair value.

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investments, it is at least possible that changes in risks in the near term could materially affect investment balances.

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *REVENUE RECOGNITION*

The Museum implemented ASC 606 on July 1, 2021 and impacts the following revenue sources: memberships, museum admissions, boat workshop, and education program. Revenue is recognized when the services are transferred to the customer in an amount that reflects the consideration to which the Museum expects to receive.

With respect to admission revenue, the period of performance is the day of the admission. For membership dues, the period covered by the performance obligation is the annual fiscal year ending on June 30<sup>th</sup>. For education programs, the period of performance is when the program is being performed. For boat workshop, the period of performance is at point in time when controls passes to the customer. Generally, all fees are billed and collected in advance of the performance obligation being performed.

#### *CONTRIBUTIONS, PROMISES TO GIVE AND OTHER RECEIVABLES*

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. Unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions.

Unconditional promise to give (i.e., a promise dependent on passage of time or demand by the promise for performance) with payments due in future periods are required to be recorded as restricted support unless explicit donor stipulations or circumstances surrounding the receipt of a promise make it clear that the donor intended their contribution to be used to support activities of the current period. Unconditional promises to give cash in future years generally increase net assets with donor restrictions and are included in grants and other receivables in the accompanying consolidated statement of financial position. As of June 30, 2021, promises to give totaling \$198,774 were expected to be collected in the next fiscal year, and were reported with grants and other receivables in these financial statements.

Other receivables consists of amounts due from customers for facility rentals, group bookings and other miscellaneous receivables and are stated at the amount management expects to collect from outstanding balances. At June 30, 2021, management determined all accounts receivable, totaling \$16,819, were fully collectible.



# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***DEFERRED REVENUE***

Deferred revenue consists of funds received in advance for events that have not yet taken place.

#### ***IN-KIND CONTRIBUTIONS***

Donated services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services that met the criteria for recognition are recorded as in-kind contributions in the statement of activities and changes in net assets. Donated investments are valued at fair market value at the time of the donation. Unpaid volunteers have made contributions of time to the Museum. The value of these contributed services is not included in the financial statements since they did not meet the criteria for financial statement recognition under GAAP.

#### ***PROPERTY AND EQUIPMENT, NET***

Property and equipment are stated at cost, except for donated assets, which are recorded at fair value when received. Expenditures for improvements that materially increase the estimated useful lives of the assets are capitalized; expenditures for repairs and maintenance are expensed. The Museum capitalizes the costs of constructing exhibits. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Building improvements are amortized over the lesser of the lease term or the estimated useful life of the improvement. Gains or losses on the disposition of assets are recognized in the statement of activities and changes in net assets.

Management periodically evaluates its property and equipment assets for indications that the value has been impaired. Based on this assessment, management believes that impairment in value has not occurred as of June 30, 2021.

#### ***OTHER ASSETS***

The Museum has been assigned the rights to a \$2,000,000 variable whole life insurance policy on the life of a former Museum President. If the policy is terminated early, the Museum is entitled to a refund of the lesser of all cumulative premiums paid by the Museum or the cash surrender value of the policy. Therefore, on an annual basis, the Museum adjusts its investment in the policy to the lesser of these two amounts. Upon the death of the former Museum President, the Museum is entitled to the entire death benefit proceeds. As of June 30, 2021, the cash surrender value of the policy amounted to \$129,055.

# **INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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### **NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### ***COLLECTIONS***

The Museum's collections consist of historical artifacts, antiques, and other irreplaceable items that are maintained for public exhibition, education, and research in furtherance of public service rather than for financial gain. Collections are the most valuable assets of the Museum and are protected, kept unencumbered, cared for and preserved. The collections, which were acquired primarily through donation, are not recognized or capitalized as assets in the statement of financial position. Collection items purchased during the year are recorded as decreases in net assets without donor restriction in the year in which the items are acquired, or as decreases in net assets with donor restriction if the assets used to purchase the items are restricted by donors. The Museum records proceeds from deaccessions and insurance recoveries as increases in the consolidated statement of activities and changes in net assets.

The Museum's policy, as approved by the Board, designates proceeds from the sale of collection items to be used only for acquisition of additional items for collections or for the direct care of collections. The Museum considers direct care to include activities which enhance the life, usefulness or quality of collections. There was no sale of collections for year ended June 30, 2021.

#### ***USE OF ESTIMATES***

The preparation of financial statements in conformity 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### ***FUNCTIONAL ALLOCATION OF EXPENSES***

The costs of providing programs and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs related to the operation and maintenance of building, including compensation and depreciation, are allocated to program and supporting activities based upon square footage. Administrative compensation is allocated based on level of effort and headcount.

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *ADVERTISING COSTS*

Advertising costs are expensed as incurred. Advertising costs totaled \$32,932 for the year ended June 30, 2021.

#### *INCOME TAXES*

The Museum and the Foundation are generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (“the Code”), and are not private foundations under Section 509(a) of the Code. Net income resulting from sales of merchandise from the Museum store is subject to the Unrelated Business Income Tax (UBIT) provisions of the Code. For the year ended June 30, 2021, the Museum did not incur any had unrelated business income tax.. Therefore, no provision for federal or state income taxes is included in the accompanying financial statements.

Management has analyzed the tax positions taken and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Museum’s tax returns are subject to examination by federal and state taxing authorities. However, there are no examinations currently in progress or pending.

#### *PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION*

The accompanying consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Accordingly, such information should be read in conjunction with the Museum’s consolidated financial statements for the year ended June 30, 2020, from which the summarized comparative financial information was derived.

### NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The Museum categorizes its investments utilizing a three-tier hierarchy based on transparency of inputs to the valuation of an asset or liability.



# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

### NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

#### *Level 1 Fair Value Measurements*

Observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets. Mutual funds are valued at the daily closing price as reported by the fund and are actively traded. The mutual funds are open-ended and are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price.

#### *Level 2 Fair Value Measurements*

Observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability. As of June 30, 2021, the Museum does not have any financial assets or liabilities that were measured using Level 2 inputs.

#### *Level 3 Fair Value Measurements*

Inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability. As of June 30, 2021, the Museum does not have any financial assets or liabilities that were measured using Level 3 inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2021. The following tables sets forth the Museum's fair value measurements on a recurring basis:

	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 11,172,793	\$ -	\$ -	\$ 11,172,793
Fixed income mutual funds	6,876,594	-	-	6,875,594
Money market funds	82,620	-	-	82,620
Limited partnership <sup>(1)</sup>	-	-	-	4,971,298
	<u>\$ 18,132,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,103,305</u>

- <sup>(1)</sup> Investments that are measured at fair value using NAV as a practical expedient are not classified within the fair value hierarchy. The practical expedient is not used if it is probable the investments will be sold for an amount different from the NAV. The fair value amounts permit reconciliation of investments in the fair value hierarchy table to amounts presented in the accompanying consolidated statement of financial position.

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of the investment in a limited partnership (which is comprised entirely of an investment portfolio) is increased by earnings and decreased by losses within the limited partnership and distributions from the limited partnership due to there being no active market for these investment, which approximates fair value. The partnership principally invests in domestic and foreign publicly-traded equities. In accordance with the partnership agreement, the partnership will continue until December 31, 2049, unless dissolved earlier by the general partner. Redemptions may be made quarterly and as of June 30, 2021, there are no unfunded commitments.

### NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at June 30, 2021:

Building improvements	\$ 16,834,975
Computers and equipment	1,039,474
Furniture and fixtures	558,340
Vehicles	49,560
Construction in progress	37,905
Exhibits	7,018,130
	<hr/>
	25,538,384
Less: accumulated depreciation and amortization	(21,365,763)
	<hr/>
Property and equipment, net	<hr/> <hr/>
	\$ 4,172,621

Depreciation expense for the year ended June 30, 2021 totaled \$1,190,149.

### NOTE 4 - LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2021:

Note payable to the City of Philadelphia, collateralized by a leasehold mortgage on the Museum's interest in the leased premises and related improvements. Monthly installments of \$2,415, consisting of principal and interest at annual rate of 3%, until maturity of July 1, 2038.

\$ 386,561

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 4 - LONG-TERM DEBT (CONTINUED)

On May 1, 2018, a credit line loan with a balance of \$125,000 was converted to a term note requiring principal payments of \$3,125 plus interest through May 2022. Interest is paid at a rate of prime plus 1.0% (4.25% as of June 30, 2021). The debt is collateralized by substantially all assets of the Museum. The loan was fully repaid in September 2021.

9,375

Note payable for the purchase of a vehicle, due in monthly installments of \$500 including principal and interest at a rate of 3.99%, maturing March 2023.

9,192

Note payable with Republic Bank under the second round Paycheck Protection Plan Loans ("PPP"). The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months after the last day of the covered period.

519,200

Total long term debt

\$ 924,328

Future scheduled maturities of long-term debt are as follows:

For the Years Ending June 30,	Amount
2022	\$ 303,955
2023	291,772
2024	28,980
2025	28,980
2026	28,980
Thereafter	241,661
Total	<u>\$ 924,328</u>

During the year ended June 30, 2021, the Museum's PPP loan received during the fiscal year ended June 30, 2021 was forgiven. The Museum intends to apply for PPP Loan forgiveness for its second PPP loan before the scheduled maturity date of the loan. Interest expense totaled \$13,882 for the year ended June 30, 2021.

### NOTE 5 - DEFERRED RENT OBLIGATION

The Museum amortizes its leases using the straight line method over the lease term. The difference between the amount paid and the rent expense incurred as of June 30, 2021 totaled \$192,295 and is shown as a deferred rent obligation in the accompanying consolidated financial statements.



# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 6 - ENDOWMENT FUNDS

Certain net assets without donor restriction have been designated by the Board as endowment funds. The general fund has been established by the Museum to support and promote the growth, progress and general welfare of the Museum. The boatshop fund has been established by the Museum to support the boat workshop. During the year ended June 30, 2021, the Museum had the following endowment-related activities:

	General	Boatshop	Flagship	Total
Beginning balance	\$ 16,273,602	\$ 2,594,378	\$ 35,694	\$ 18,903,674
Investment return, net	4,771,588	863,643	-	5,635,231
Amounts appropriated for expenditure	(1,300,000)	(100,000)	(35,600)	(1,435,600)
Ending balance	\$ 19,745,190	\$ 3,358,021	\$ 94	\$ 23,103,305

### ***RETURN OBJECTIVES AND RISK PARAMETERS***

The Museum has an established investment committee which has adopted an investment policy for the board designated endowment funds assets that attempts to provide long-term capital growth.

### ***STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES***

The Museum relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) to satisfy its long-term rate-of-return objectives. The Museum targets a diversified asset allocation that currently invests in balanced or index mutual funds with low management fees to achieve its long-term return objectives within prudent risk constraints. Additionally, all investment gains and income are reinvested.

### ***SPENDING POLICY***

The Museum established a three-year average spending rate of 5.5% of the market value of the general fund for general operations of the Museum and 5% of the market value of the boatshop fund for the boatshop operations of the Museum.

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 7 - NET ASSETS

#### WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions of \$23,103,305 as of June 30, 2021 have been designated by the Board, which are included in the endowment fund.

#### WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following purposes as of June 30, 2021:

Education	\$ 97,068
Exhibits	13,405
Other programs and projects	<u>68,686</u>
Total net assets with donor restrictions	<u>\$ 179,159</u>

Net assets released from donor restrictions totaling \$438,430 for the year ended June 30, 2021 related principally to education programs, exhibit construction and completion.

### NOTE 8 - RETIREMENT PLAN

The Museum has a defined contribution retirement plan for eligible employees. The Museum matches the employee's contribution up to 6.5% of salary. The Museum's contributions to the plan were \$10,865 for the year ended June 30, 2021. Due to the pandemic the Museum suspended the matching contribution from July 2020 to April 2021.

### NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Museum maintains cash with multiple financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times during the year, cash balances may exceed FDIC limits. The Museum has not experienced any losses on such accounts, and believes that it is not exposed to a significant risk on its cash balances. The money market accounts maintained in the Museum's brokerage accounts are not covered by FDIC and amount to approximately \$83,000 as of June 30, 2021.

The Securities Investors Protection Corporation ("SIPC"), a non-government entity, replaces missing stocks and other securities in customer accounts held by its members up to \$500,000, including up to \$100,000 in cash, if a member brokerage or bank brokerage subsidiary fails. The Museum maintains its investments in brokerage accounts that are covered by SIPC. At June 30, 2021, the Museum did not have un-invested cash with its investment institutions.

# INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 10 - COMMITMENTS

The Museum leases its Penn's Landing facility under an operating lease agreement with the Delaware River Water Front Corporation, formerly Penn's Landing Corporation. The lease term extends to December 2023, with rent increases scheduled every five years.

Provided there are no events of default, the lease automatically renews every five years after the initial term, but in no event, shall any additional terms extend beyond April 30, 2075. There are renewal options available through April 2075 and the opportunity to renew for another 30 years based upon certain conditions being met. As of June 30, 2020, the future minimum lease commitments, excluding potential renewal options, are as follows:

Year Ending June 30,	Amount
2022	190,000
2023	190,000
2024	95,000
Total	<u>\$ 475,000</u>

Rent expense related to these leases was \$113,000 for the year ended June 30, 2021.

### NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Museum regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Museum's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2021, were as follows:

Cash and cash equivalents	\$ 517,574
Grants and other receivables	215,593
Investments	<u>23,103,305</u>
Total financial assets	23,836,472
Less: Amounts requiring approval by the Board for expenditure	\$ (23,103,305)
Plus: Approved endowment draw for next year	<u>1,640,347</u>
Total financial assets available within one year for general expenditure	<u>\$ 2,373,514</u>



# **INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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### **NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year. The grants and other receivables are subject to implied time restrictions but are expected to be collected within one year. The Museum's goal is to maintain financial assets, principally the investments, as a perpetual quasi-endowment source of annual unrestricted funding. From time to time, the Board may at its discretion approve additional withdrawals from the investment accounts in excess of its spending policy to fund Museum operations.

### **NOTE 12 - RISK MANAGEMENT**

The Museum continues to monitor the impact of COVID-19 throughout the United States and the World. The Museum is monitoring how the restrictive measures, including mask and vaccine requirements were implemented or reinstituted by various governmental authorities and private business. Economic recovery in the United States and various other regions in the world has continued but may be threatened by the continued adverse public health impacts of COVID-19 and other factors. Any significant disruption in our operations as a result of COVID-19 could have an adverse effect on our operations and financial markets.

### **NOTE 13 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 2, 2022 the date the financial statements were available to be issued and identified no events requiring recognition or disclosure in the financial statements



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