

INDEPENDENCE SEAPORT MUSEUM ANNUAL REPORT

2021-2022



211 S. Columbus Blvd. | Philadelphia, PA 19106 | 215-413-8655 | phillyseaport.org



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

DEAR FELLOW MEMBERS

In my last letter to you, I spoke of our Museum's emergence from the COVID-19 pandemic. Happily, I can report that business for the Independence Seaport Museum (ISM) snapped back nicely post-COVID. Visitation is up in the Museum and aboard the historic ships Cruiser *Olympia* and Submarine *Becuna*, while participation in summer camp programs increased. Membership at the Museum has also climbed as we continue to grow this area of support. The Seaport Museum's visibility in our community and our region has increased with ISM receiving record press coverage. The Museum's image has also been enhanced with the very successful launch of one of the biggest outdoor restaurant in Philadelphia –Liberty Point– located on the Museum's property. All in all, it has been a successful emergence from the COVID shutdown.

Leading the organization, Peter Seibert engaged a consultant from the Rockefeller Family Foundation Archives to examine and evaluate ISM's library and archives. Coming from this study was a plan to reorganize the department and focus the Museum's efforts on its important archival holdings of maritime documents. Considered by academics to have unique historical value regarding the shipping industry, which has had a long presence along the banks of the Delaware River, ISM has hired a dedicated archivist to keep the collection in order – and she has enthusiastically taken on her charge. ISM also completed re-accreditation with the American Alliance of Museums. This is the professional organization for all museums in the United States. It is a "badge of honor" to be accredited by the Alliance because it means that the accredited institution is operating its business with the highest standards. We should be proud of this accomplishment.

As we continue to plan for the future, new exhibits, having been funded by new foundation partners, are being planned, including two new experiences on the second floor of the building, sure to delight and engage our guests. Aboard *Olympia*, work never ends to keep this

historic ship afloat and preserved for future generations. The *Olympia* and *Becuna* are very popular with visitors to the Museum. If you have not experienced a tour on either, I would wholeheartedly recommend that you take one. You will not be disappointed.

This is my last letter to you as Chairman of the Independence Seaport Museum. I have had the pleasure of serving on its Board of Port Wardens for 32 years and am honored to have been its Chairman for the last 6 years. Fellow Port Warden Peter Ernst was unanimously elected as my successor as Chairman and will take over on January 1, 2023. Peter will lead a very dedicated Board which has several new members. Peter Seibert will continue as President and CEO of ISM, leading its management team. We are all members of a unique institution charged with preserving and telling a story that no other institution tells, one that focuses on the maritime heritage of the Delaware River and its surrounding region. It is an interesting and crucial story, especially as it relates to the history of the United States of America. Our museum will continue to be led by a thoughtful team who will successfully enhance the reputation of the Independence Seaport Museum as one of the finest maritime museums in America.



A handwritten signature in black ink, appearing to read 'Peter H. Havens', written in a cursive style.

Peter H. Havens

Chairman, Board of Port Wardens
Independence Seaport Museum

FROM THE PRESIDENT AND CEO

In the last year, ISM has undergone a series of remarkable changes intended to position the organization as the pre-eminent Museum that connects people to the history and environment of the Delaware River. I want to take this time to share how we are using our rich collections and talented staff to engage audiences in new and exciting ways:

In 2021, the Board of Port Wardens adopted a new strategic plan that laid out a clear course for the Museum over the next three years. This plan addressed the need to modernize our operations, expand our audience base, and develop a new master-building plan. The establishment of an internal working group brought about by the board's adoption of the plan, which consisted of front-line and management staff, was tasked with identifying specific content themes. The identified themes were:

- The historical context of the region.
- The impact by and also upon the natural environment.
- The key connector of people as the link between the natural and the constructed.

These themes have since been applied to our operations. All of our new, as well as our existing exhibitions, are currently being evaluated to determine their relevance to our mission. The result will both strengthen our guest experience and also provide intellectual continuity for exhibitions.

Concurrent with the development of the strategic plan was the institutional goal of securing reaccreditation from the American Alliance of Museums (AAM), the largest professional museum organization in the United States and one that ISM has been a part of since its first accreditation in the 1980s. However, because of issues within the organization, AAM's subsequent reaccreditations shifted ISM's standing to "provisional status." In 2021, museum leadership prioritized addressing the issues noted during AAM's 2020 reaccreditation review. After undertaking extensive efforts, ISM was re-evaluated and restored to full accreditation status for the first time in more than a decade. It is a high honor, and the sticker on our door only appears on a thousand other museums in the United States!

Programmatically, 2021-22 was a period of innovation and testing for a wide range of new programs. COVID-19 changed the landscape of museum visitation. Museums in general — particularly in Philadelphia— have faced the dual setbacks of COVID and a perceived rise in violent crime. We realize that our operations must look to a new model for programming and visitor expectations.

As a result of these changes, we began a highly successful program of offering guided tours on Submarine *Becuna*. Tickets for these tours frequently sell out, particularly around a special promotion we initiated for Airbnb users. Ticketed tours are now being offered

aboard Cruiser *Olympia*, in addition to the self-guided tours, with equally positive results. With funding from the William Penn Foundation, the Museum could offer programming at Tacony Park based on our award-winning exhibit *River Alive!* Through this, local community members are learning about environmental issues. They then have the opportunity to come to ISM afterward.

Another significant change was the reintroduction of the museum store. Museum stores serve the dual purpose of not only supporting the institution's operating budget but also providing branded items that enable every visitor to be an ambassador for the Museum. A new store manager was hired in the autumn of 2021, and by December 1st, the store was up and operating. A great success for the Museum, the store recently hosted the Mid-Atlantic Region Museum Store Association's annual meeting.

Finally, the Museum remains committed to our existing Keystone education programs. The EAGLE program has been a partnership between the Naval Supply Systems Command Weapon Systems Support (NAVSUP) and ISM that connected young women from Philadelphia with a cutting-edge STEM curriculum. The SAILOR program welcomes classes of school students who learn applied STEM and trade skills by working in our boat shop. Finally, the River Ambassadors Program selects young men and women from across the city to learn not only about the river and its environment but to share their knowledge with museum visitors. Future plans call for the expansion of our offerings into the realm of teacher professional development while also offering student-based programs that focus on our premier historic collections.

These changes along with significant additions to our collections, upgrades to our physical structure, and the hiring and retention of a first class professional team has moved the Museum forward at a remarkable pace. I continue to be impressed with not only the creative energies and incredible work that is being accomplished, but also by the strategic direction of the institution as we grow.



A handwritten signature in black ink, which reads "Peter S. Seibert".

Peter S. Seibert

President and CEO
Independence Seaport Museum





BOARD OF PORT WARDENS

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Meg Clifton North *, **Director of Development**

Judy Baker, **Human Resources and
Volunteer Programs Manager**

**Current Director of Development at time of publication*

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MUSEUM

July 1, 2021, saw the Independence Seaport Museum eager to welcome visitors from all over the country into our building and aboard our historic ships, *Cruiser Olympia* and *Submarine Becuna*. Most excitingly, though, this fiscal year also marked the return of our award-winning Seaport Summer Camp as well as the re-opening of *Submarine Becuna* through a guided tour, which was available to add-on to any general admission purchase.





MUSEUM ADMISSIONS

ISM, while operating on a seven-day-a-week schedule, saw a 50% increase in visitation compared to the previous year. It is clear that there was a pent-up demand for people looking to visit cultural institutions and bring back a sense of normalcy to their lives. The Museum was more than happy to oblige.

The Museum also provided new opportunities for how guests experienced the Museum. In addition to the aforementioned Submarine *Becuna* guided tours, we also started offering tours of Cruiser *Olympia*'s Engine Room and brought back extended historic ship hours.



Museum Building	17,340
ISM Members	1,926
Cruiser <i>Olympia</i>	23,237
Submarine <i>Becuna</i> *	5,675

*Access to Submarine *Becuna* was via guided tours only, with a restricted capacity for each tour.





ON-WATER PROGRAMMING

The return of the summer season meant the launch of the Independence Seaport Museum's on-water programming, which featured:

■ PADDLE PENN'S LANDING

ISM's small boat rentals saw new members of the fleet added, providing even more opportunities for visitors to create fun memories on the water than ever before.



Paddle Penn's Landing

8,446

■ KAYAK EXCURSIONS

Participants paddled along the Delaware River with excursions ranging in length (up to 10 miles!) and skill set (from beginner to advance) to experience the city of Philadelphia from a different angle.



Kayak Excursions

243

EDUCATION PROGRAMS

The Independence Seaport Museum continued its mission of educating the next generation with programs based in The Seaport Boat Shop, our galleries, and out on the water:

■ SAILOR

Students connect to the water through wooden boatbuilding. This hands-on model encourages growth in the sciences, mathematics, and engineering, through team building and problem-solving.



SAILOR Students (2021-22 School Year)

23

■ 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.



EAGLE Students (2021-22 School Year)

6





■ 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.



River Ambassadors (Summer 2021)

■ SAILOR AMBASSADORS

Based in the Seaport Boat Shop, students work on eco-woodworking projects throughout their time at the Museum.



SAILOR Ambassadors (Summer 2021)



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

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



THE SEAPORT BOAT SHOP

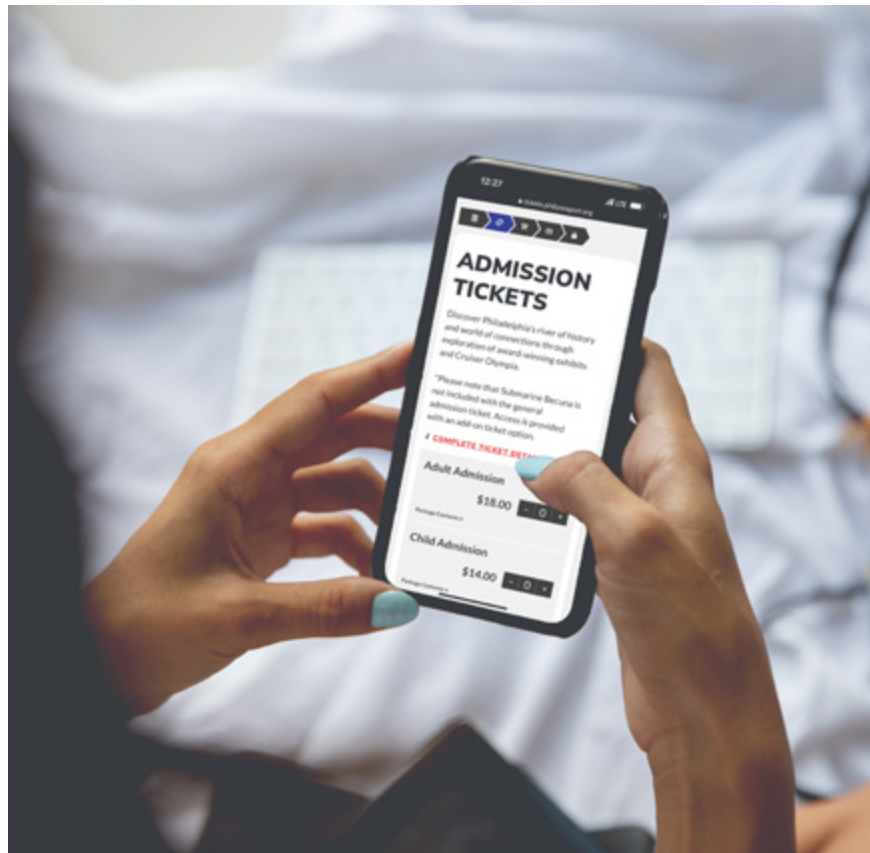
The Seaport Boat Shop is dedicated to the skills and traditions of wooden boat building and sailing in the Delaware Valley and the New Jersey shore. Open to the public; visitors can interact with boat builders as they work on various projects at any point during their time at ISM. Adult programs, such as Metal Forging 101, Metal Casting 101, and Boatbuilding 101, are available throughout the year in the Boat Shop, allowing people to get a first-hand experience of the process.



Screws Installed	354
Gallons of Wood Shavings	250
Bungs Glued, Trimmed, and Sanded	225
Feet of Planks Milled	175
Pencils Worn Down to a Nub	75
Gallons of Sealer, Paint, and Varnish	5
Irritating Splinters Removed	4
Cups of Coffee Drank	∞

NEW WEBSITE

In September 2021, the Independence Seaport Museum launched a brand-new website. While the biggest changes might appear to be the updated content, images, and design, the website itself is now mobile-friendly and accessible, so it can be read easily on any device. It also serves as a place where visitors can further educate themselves on specific topics, like a suggested reading list for *Tides of Freedom* and websites people can explore to learn more about the history of the American Unknown Soldier from World War I that Cruiser *Olympia* transported back to Washington, D.C.



Users **69,361**

Pageviews **189,394**

Sessions **91,656**



STEWARDSHIP OF OUR PRICELESS COLLECTIONS

In accordance with reaccreditation and the new mission/themes, ISM adopted a fully revised collections policy. This policy defines more explicitly what objects and documents we collect. These revisions narrowed our collecting scope to focus on the people, events, places, and history of the Delaware River and its estuaries and environs. While 90% of our collections mirror our mission, some items fell outside of our interests, and our new focus gave us the opportunity to find homes for those items elsewhere. As a result, we have placed numerous objects with institutions that are both more appropriate and better equipped to exhibit them fully.

The policy also articulated the Museum's stewardship of its collections. ISM exists to hold its collections in trust for the future; therefore, we need to expend resources and intellectual capital to preserve them. In 2021, we began a process to evaluate the condition of our building and collections. Dr. Robert Clark, archivist of the Rockefeller Family Archives, conducted a review of our archives. His findings identified a need for critical infrastructure repairs and outlined a plan to upgrade our collections. A second review, funded through the Conservation Assessment Program, also looked at our museum collections and building. Led by a preservation architect, structural engineer, and museum conservator, this team produced an extensive report on the climatic conditions in our building and identified recommendations for short, medium, and long-term needs. Management, the Collections Committee, and the full Board of Port Wardens carefully reviewed these important planning documents. We adopted the recommendations and have begun to implement critical changes and upgrades.

Both reports stressed the need to revitalize the J. Wells Henderson Research Center. The Research Center is the heart of the Seaport, as it houses our archival collections, the compilation of which dates back to the Museum's founding in the 1960s. Our renewed focus on special collections has led us to formulate a new plan for the archives. With funding provided by several private foundations, we hired a professional archivist to focus on evaluating, processing, and making digitally accessible our multi-million-piece collection of documents and photographs. In particular, ISM holds records from the seven largest Delaware River shipbuilding companies during the late 19th and early 20th centuries. These records, an indispensable tool for understanding the industrial and social development of the waterfront, should be accessible to everyone, from a high school student working on a National History Day paper to a college professor researching a book.



As we work to strengthen the management of our existing collections, we have also seen a resurgence in donations and acquisitions for our permanent collection. As a result, over the last year, accessions have reached a record level. The following are highlights of just a few of our new treasures:

- A wooden casting pattern (over 6' tall) for a bronze propeller blade for the SS *Challenger* driven by a Sun-Doxford engine in 1924. The pattern is emblematic of the scale and physicality of the Museum's deep collections documenting the centuries of shipbuilding on the Delaware River. Museum Purchase.



- A collection of documents from the Livezey family of Philadelphia tracking their extensive mercantile trade with China in the 18th and 19th centuries. This group is a significant addition to the Museum's extensive collections documenting Philadelphia's early trade relations with Canton, China. Museum Purchase.



- A sea chest used by Captain Charles Vernon Gridley while aboard Cruiser *Olympia* during the Battle of Manila Bay. The sea chest adds a personal perspective on this historically important individual. He is renowned for receiving the order from the then Commodore George Dewey, "you may fire when you are ready, Gridley," thereby imitating the beginning of the battle. Gift courtesy of Jean Rose.



In this last year, we have objects formerly in storage accessible to the public for the first time in decades. We have reimaged our ship model collection and reinstalled it in a new gallery staffed by volunteers from the Philadelphia Ship Model Society. The Museum's nationally regarded collection of maritime art has also been brought back into the spotlight with the opening of two exhibitions showcasing existing masterpieces by Thomas Birch and highlighting our new accessions, such as a major painting by George Bonfield of the Delaware River.

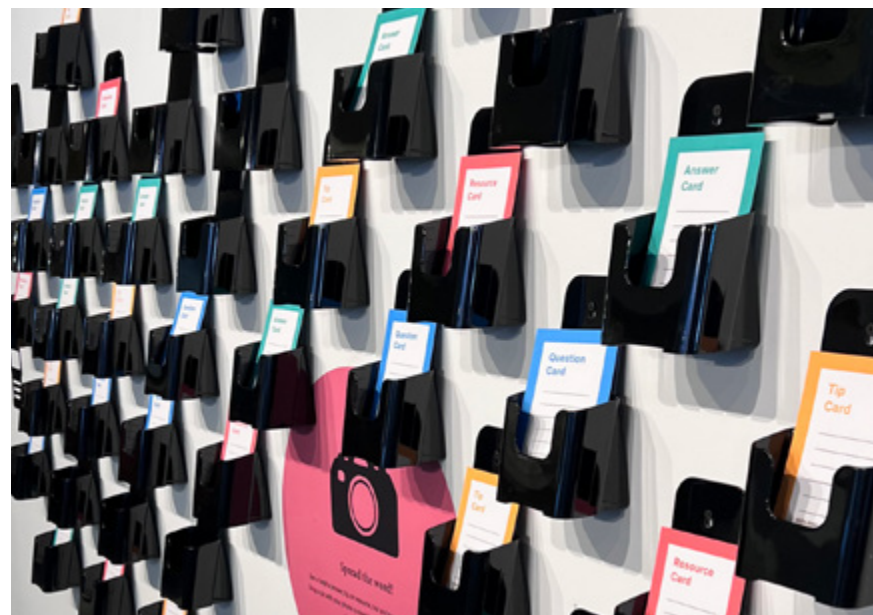
Independence Seaport Museum's collections continue to be a source of pride and inspiration for the institution. Over time, as the implementations of the policies outlined above are enacted, we hope they inspire our visitors in the same way, whether you are exploring them in person or online.

THE 2022 ECOTOPIAN TOOLKIT PROJECT

The *Ecotopian Toolkit Project*, started in 2017 by the Penn Program Environmental Humanities (PPEH), is a collaborative effort between creators, artists, academics, and the general public to develop and provide access to shared sustainable tools and knowledge to endure current and future ecological challenges. This year (2022), PPEH joined forces with us here at Independence Seaport Museum, and local high schoolers enrolled in our River Ambassadors program to focus on the Delaware River watershed and water justice. The *2022 Ecotopian Toolkit Project* is an evolving process that occurred in three phases throughout the duration of the project.

PHASE ONE: JOIN THE CONVERSATION

This year's project began with Professor Bethany Wiggin's Fall 2021 "Environmental Humanities: Theory, Methods, Practice" call at the University of Pennsylvania. Wiggin and her students crafted a call for prospective Toolmakers, who submitted their ideas to a selected Jury comprised of local creators, artists, and community members. Opened January 15, 2022, Phase One of the exhibit asked Museum guests to share their own eco "tools" they already use and to ask for tools they require. The idea was to add to and create a resource library that would become a part of the larger conversation.



PHASE TWO: JOIN THE EXCHANGE

The five selected Toolmakers and their proposed tools were introduced to the community. They then invited the public to participate in workshops led by them. Their participation and interaction with each tool were documented and shared with the community in the next phase. The five Toolmakers and their workshops were:

- Jacques-Jean "JJ" Tiziou - Walkaround Philadelphia: Ecotopian Toolkit
- Eli Brown - Another Mother: A Database for All Trans Organisms on Earth
- Nancy Agati - Basins and Borders
- Fereshteh Toosi - Water Radio: Delaware River
- Juan Hurtado Salazar: Kitbashing: A Nursery for Futures



PHASE THREE: TOOLS FOR A HEALTHY WATERSHED

With workshops, prototyping, and play-testing complete, it was time to share the process, discovery, and the tools themselves. Hoping the public was newly inspired, we invited them to adapt and adopt these tools and ideas for their own use. Lastly, these tools were added to a catalog and public digital archive of "ecotopian" resources at everyone's disposal.



The 2022 Ecotopian Toolkit Project is presented by The Penn Program in Environmental Humanities in Partnership with Independence Seaport Museum.

HISTORIC SHIPS

The Independence Seaport Museum remains deeply committed to the preservation of our two historic ships, Cruiser *Olympia* and Submarine *Becuna*. In that vein, ISM undertook two significant restoration projects this past year. Funding from the Commonwealth of Pennsylvania's Keystone Grants was used to continue ongoing efforts to stabilize *Olympia*'s waterline hull, thus protecting the most vulnerable area of the ship. A generous grant from the McLean Contributionship funded the engineering study needed to replace the mooring pilings for *Olympia* and *Becuna* that were first installed in the 1970s.





CRUISER OLYMPIA AND THE UNKNOWN SOLDIER:

Centennial Anniversary of the Journey Home

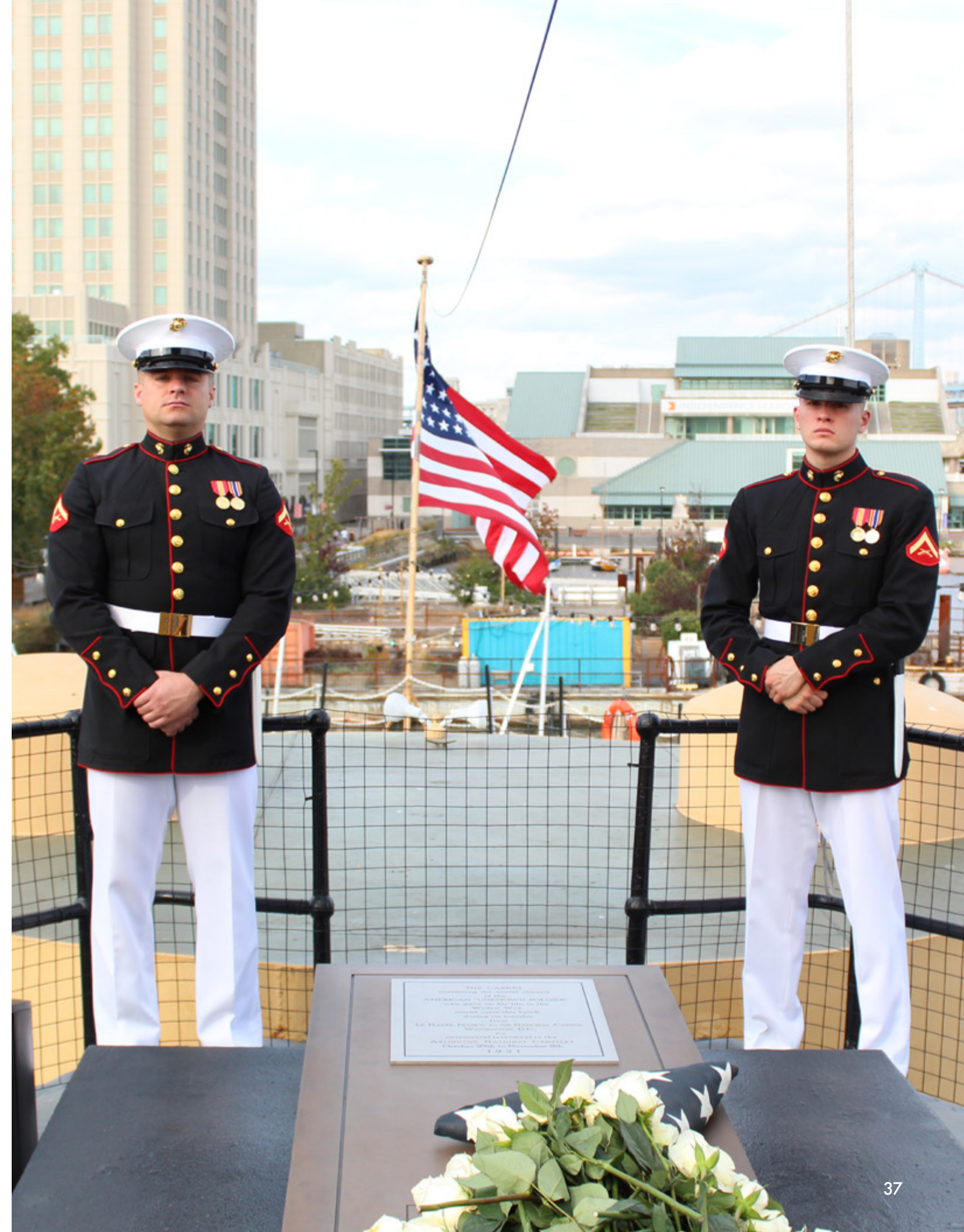
2021 marked the Centennial Anniversary of Cruiser *Olympia*'s transportation of the American Unknown Soldier from World War I home for burial at Arlington National Cemetery. As stewards of *Olympia*, the Independence Seaport Museum understood the importance and significance of this occasion and, with the help of key partners, honored the Centennial Anniversary with a ceremony on the exact day the ship left Le Havre, France, with the most precious of cargo.

On October 25, 2021, the Museum welcomed over 100 people aboard the ship to commemorate this special anniversary. The ceremony saw special performances and participation from the United States Armed Forces Color Guard, the United States Navy Band, and the United States Marine Corps Silent Drill Platoon, and remarks that represented the local, national, and global significance of what the Unknown Soldier represents as well as the importance of the mission that was tasked to Captain H.L. Wyman and his crew onboard 100 years ago.



Throughout the ceremony, *Olympia's* bell was rung, and a gun volley was conducted with the Battleship *New Jersey* to symbolize the moments when the Unknown Soldier was brought aboard the ship and when *Olympia* got underway, respectively. Invited guests also heard remarks from The Honorable Jim Kenney, Mayor of Philadelphia; Brigadier General Walker M. Field, President, Marine Corps University; and Colonel Sébastien Pauly, Deputy Defense Cooperation Attaché in charge of the Army, the Navy, Cyber, Special Forces, and Joint domains, Embassy of France – Direction Générale de l'Armement. They spoke of the harrowing journey those aboard the ship faced during their mission but how they never lost faith and were able to weather the storm and return safely to the United States. All speakers reflected on the Unknown Soldier as a symbol that captures the ultimate sacrifice given by so many in the name of freedom during the Great War across the globe.

The ceremony concluded with a procession in front of the historical marker, where guests were able to lay a white rose and pay their respects as two Marines stood guard. The Independence Seaport Museum is grateful to the Society of the Honor Guard, Tomb of the Unknown Soldier for their unwavering support and partnership as we honored this Centennial Anniversary. Special thanks also to the Ceremonies and Outreach Directorate, who helped coordinate the ceremony.



DEVELOPMENT

The Museum is grateful to its many donors, members, and friends 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 museum staff to keep in contact with and connect to our supporters and friends. In addition, the museum actively pursued funders for key projects, including the ongoing restoration of *Cruiser Olympia*, K-12 educational programming, and environmental education.



THANK YOU TO OUR DONORS

■ \$100,000 OR MORE

Pennsylvania Department of Community
and Economic Development
William Penn Foundation

■ \$50,000 – \$99,999

The H.F. Lenfest Fund
Mr. and Mrs. Peter H. Havens
NAVSUP Fleet Logistics Center Norfolk
W. W. Smith Charitable Trust

■ \$25,000 – \$49,999

Alliance for Watershed Education of the Delaware River
McCausland Foundation
Pennsylvania Historical & Museum Commission

■ \$10,000 – \$24,999

Helen D. Groome Beatty Trust
McLean Contributionship
The Order of the Founders and Patriots of America
Rita's Italian Water Ice
Mrs. Mary L. Smith
The Stewart Huston Charitable Trust

■ \$5,000 – \$9,999

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Bacardi U.S.A., Inc.
Laura Brody and Max Kaiserman
Courtney Disston
Caroline and Peter Ernst
Firelands Media Group LLC
Fishers Road Mariners Charitable Fund
Mrs. Debbie Gibbons-Neff
Hon. James T. Giles (Ret.)

Drs. Maggy Myers and Jonathan Epstein
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Peter R. & Cynthia K. Kellogg Foundation
The Rorer Foundation, Inc.
Mr. and Mrs. Stanley Switlik
U.S. Navy Cruiser Sailors Association
Whitehall Foundation, Inc.
Withington Foundation
The Stewart Huston Charitable Trust

■ \$1,000 – \$4,999

Affleck Family Charitable Fund
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CHG Financial & Accounting Services, LLC
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John Devereux
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Gwen and Austin Fragomen
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Justice Outside
John T. Lehman
Lunbeck Charitable Fund
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Mr. and Mrs. David Morales
Mr. and Mrs. Lanny R. Patten
Quaker City Foundation
Morton T. Saunders
Mr. and Mrs. William Post Thomas
Rear Adm. Louise C. and Mr. James E.
Wilmot Family Foundation
Mr. and Mrs. George H. Wimberg, Jr.

MEMBERSHIP

■ SUSTAINING – \$500

Nancy and William Chandlee
Ms. Lorraine Gabbett-Morehouse and
Capt. Edward Morehouse
Mrs. Carole H. Gravagno
Mrs. J. Welles Henderson

■ CONTRIBUTING – \$250

George Ahern
Dr. Maryalice Cheney and Dr. Scott Goldman
Sharon and James Maida
Barrie Trimingham and David Pierson
Cassandra Zook and James Jackson

CORPORATE MEMBERSHIP

■ COMMANDER'S CIRCLE – \$1,000

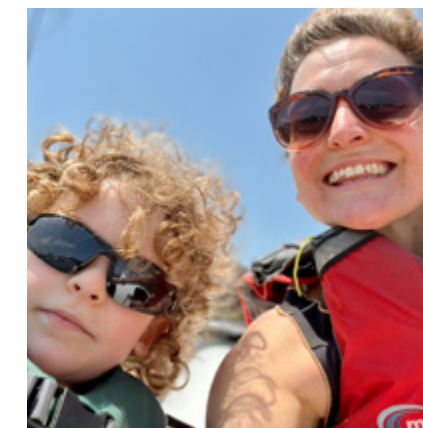
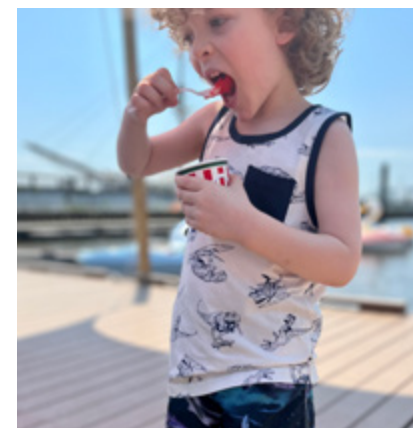
Delaware River Stevedores, Inc.
Blank Rome LLP
Eugene Mattioni
Fox Rothschild LLP
Maritime Academy Charter School
Tompkins Insurance Agencies Inc.

■ ENSIGN'S CIRCLE – \$500

Atlantic Cordage
Maritime Exchange for the
Delaware River & Bay
Punchbowl News
TESCO

MEMBER PADDLE DAY

On May 22, we kicked off our on-water season with Member Paddle Penn's Landing Day. During this semi-annual event, members received free admission to our famous paddle boats and cooled off with complimentary Rita's Water Ice.



Thank you to Rita's Water Ice for sponsoring the event.

SUMMER COLLECTION

From May 13 through June 21, ISM hosted the second annual Summer Collection: A Home & Lifestyle 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

Lara Cantu-Hertzler ▼



Olympia | Oil on Panel | 24"x36"

- John English
- Kristen Gallo
- Sandra Giangialio
- Brooke Lanier ►►
- Jessica Libor
- Jeffery Reed
- Eva Shelley
- Joseph Sweeney



Baby Becuna | Oil on Panel | 12"x12"



FINANCES

What follows is Independence Seaport Museum's audit for July 1, 2021 – June 30, 2022, 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

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INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Financial Information
as of and for the year ended June 30, 2021)

INDEPENDENT AUDITORS' REPORT

Board of Directors
Independence Seaport Museum and Affiliate

Opinion

We have audited the 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, 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Independence Seaport Museum and Affiliate as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Independence Seaport Museum and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Independence Seaport Museum and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

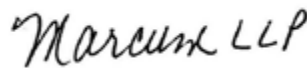
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Independence Seaport Museum and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Independence Seaport Museum and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Independence Seaport Museum and Affiliate's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 2, 2022. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.


Philadelphia, PA
December 8, 2022

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022**

(With Summarized Comparative Financial Information as of June 30, 2021)

	2022	2021
Assets		
Cash and cash equivalents	\$ 30,711	\$ 517,574
Promises to give and other receivables	202,483	215,593
Investments	18,169,081	23,103,305
Prepaid expenses and other current assets	97,503	30,964
Property and equipment, net	3,922,942	4,172,621
Other assets	114,102	129,055
Total Assets	\$ 22,536,822	\$ 28,169,112
Liabilities		
Accounts payable and accrued expenses	\$ 331,854	274,425
Deferred revenue	156,726	256,106
Deferred rent obligation	115,295	192,295
Long-term debt	372,422	924,328
Total Liabilities	976,297	1,647,154
Net Assets		
Without donor restrictions		
General	3,304,624	3,239,494
Board designated	18,169,081	23,103,305
Total without donor restrictions	21,473,705	26,342,799
With Donor Restrictions	86,820	179,159
Total Net Assets	21,560,525	26,521,958
Total Liabilities and Net Assets	\$ 22,536,822	\$ 28,169,112

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

(With Summarized Comparative Financial Information for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue, Support and Other Income				
Contributions	\$ 371,036	\$ 356,466	\$ 727,502	\$ 826,756
Museum admissions	361,927	--	361,927	103,918
Memberships	33,779	--	33,779	17,131
Boatshop and docks	181,248	--	181,248	90,010
Education programs	61,357	--	61,357	41,575
Facilities rental	243,697	--	243,697	61,891
Special events, net of costs of direct benefits to donors of \$5,101 in 2022 and \$41,010 in 2021	27,283	--	27,283	75,263
Other income	28,192	--	28,192	29,915
Net assets released from restrictions	448,805	(448,805)	--	--
Total Revenue, Support and Other Income	1,757,324	(92,339)	1,664,985	1,246,459
Expenses				
Program services	3,895,091	--	3,895,091	3,517,370
Supporting services				
Management and general	386,821	--	386,821	418,674
Fundraising	326,455	--	326,455	333,299
Total Expenses	4,608,367	--	4,608,367	4,269,343
Change in Net Assets From Operating Activities	(2,851,043)	(92,339)	(2,943,382)	(3,022,884)
Investment (Loss) Income, Net	(2,593,878)	--	(2,593,878)	5,635,233
Other Income (Expense), Net				
Change in cash surrender value of life insurance	(14,953)	--	(14,953)	37,990
Forgiveness of Paycheck Protection Plan loan	519,200	--	519,200	498,220
Retail and auxiliary activities	83,295	--	83,295	4,596
Loss on sale of fixed assets	-	--	-	(5,504)
Interest expense	(11,715)	--	(11,715)	(13,882)
Total Other Income (Expense), Net	575,827	--	575,827	521,420
CHANGE IN NET ASSETS	(4,869,094)	(92,339)	(4,961,433)	3,133,769
Net Assets - Beginning of Year	26,342,799	179,159	26,521,958	23,388,189
Net Assets - End of Year	\$ 21,473,705	\$ 86,820	\$ 21,560,525	\$ 26,521,958

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

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, 2022

	Program Services	Management and General	Fundraising	2022 Totals
Compensation and benefits	\$ 2,180,632	\$ 189,498	\$ 210,205	\$ 2,580,334
Program supplies and materials	94,712	--	--	94,712
Professional services	197,332	125,501	61,069	383,903
Occupancy	413,676	32,487	13,081	459,243
Office supplies and other expenses	124,860	10,174	17,163	152,197
Depreciation and amortization	498,106	3,099	1,286	502,490
Advertising and promotion	112,267	8,332	10,600	131,200
Insurance	167,608	9,787	7,398	184,793
Exhibit maintenance and development	78,393	--	--	78,393
Museum events	9,730	4,866	1,703	16,299
Staff development, travel and entertainment	17,775	3,077	3,951	24,803
Operating expenses	3,895,091	386,821	326,455	4,608,367
Costs of direct benefits to donors	--	--	5,101	5,101
Cost of goods sold	23,888	--	--	23,888
Interest expense	--	11,715	--	11,715
Total functional expenses	\$ 3,918,979	\$ 398,536	\$ 331,556	\$ 4,649,071

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

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

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, 2022

(With Summarized Comparative Financial Information for the year ended June 30, 2021)

	2022	2021
Cash Flows Used In Operating Activities		
Change in net assets	\$ (4,961,433)	\$ 3,133,769
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	502,490	1,190,149
Forgiveness of Paycheck Protection Plan loan	(519,200)	(498,220)
Net realized and unrealized losses (gains) on investments	3,313,780	(5,083,107)
Increase (Decrease) in cash surrender value of life insurance	14,953	(37,990)
Changes in operating assets and liabilities:		
Promises to give and other receivables	13,110	(166,543)
Prepaid expenses and other assets	(66,539)	(225)
Accounts payable and accrued expenses	57,429	152,650
Deferred rent obligation	(77,000)	(77,205)
Deferred revenue	(99,380)	189,819
Net Cash Used In Operating Activities	(1,821,790)	(1,196,903)
Cash Flows Provided By Investing Activities		
Purchase of property and equipment	(252,811)	(126,334)
Purchase of investments	(4,603,071)	(4,186,694)
Proceeds from sale of investments	6,223,515	5,041,694
Net Cash Provided By Investing Activities	1,367,633	728,666
Cash Flows Provided By Financing Activities		
Proceeds from Paycheck Protection Plan loan	-	519,200
Repayments of long-term debt	(32,706)	(56,979)
Net Cash (Used In) Provided By Financing Activities	(32,706)	462,221
Net Decrease in Cash and Cash Equivalents	(486,863)	(6,016)
Cash and Cash Equivalents - Beginning of year	600,194	606,210
Cash and Cash Equivalents - End of year	\$ 113,331	\$ 600,194
Cash and Cash Equivalents Reported on the Statement of Financial Position		
Cash and cash equivalents	\$ 30,711	\$ 517,574
Cash and cash equivalents held within investments	82,620	82,620
Total Cash and Cash Equivalents	\$ 113,331	\$ 600,194
Supplemental Disclosure of Cash Flow Information		
Cash paid during the years for:		
Interest	\$ 11,715	\$ 13,882

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, 2022

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, 2022

**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 accounting principles generally accepted (“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.

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.

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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.

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 30th. 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.

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

CONTRIBUTIONS, PROMISES TO GIVE AND OTHER RECEIVABLES (CONTINUED)

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, 2022, promises to give totaling \$143,869 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, 2022, management determined all accounts receivable, totaling \$58,614, were fully collectible.

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.

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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, 2022.

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, 2022, the cash surrender value of the policy amounted to \$114,102.

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.

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

COLLECTIONS (CONTINUED)

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 sales of collections in the amount of \$8,000 for the year ended June 30, 2022.

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.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs totaled \$131,200 for the year ended June 30, 2022.

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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, 2022, the Museum did not incur any 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, 2022, 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, 2021, from which the summarized comparative financial information was derived.

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.

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, 2022

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, 2022, 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, 2022, 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, 2022. 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	\$ 8,174,051	\$ -	\$ -	\$ 8,174,051
Fixed income mutual funds	5,866,758	-	-	5,866,758
Money market funds	47,063	-	-	47,063
Limited partnership ⁽¹⁾	-	-	-	4,081,209
	<u>\$ 14,087,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,169,081</u>

⁽¹⁾ 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, 2022

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 this 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, 2022, there are no unfunded commitments.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at June 30, 2022:

Building improvements	\$ 16,981,362
Computers and equipment	1,155,817
Furniture and fixtures	560,738
Vehicles	49,560
Exhibits	<u>7,043,716</u>
	25,791,193
Less: accumulated depreciation and amortization	<u>(21,868,251)</u>
Property and equipment, net	<u>\$ 3,992,942</u>

Depreciation expense for the year ended June 30, 2022 totaled \$502,490.

NOTE 4 - LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2022:

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.	\$ 368,948
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.	<u>3,474</u>
Total long term debt	<u>\$ 372,422</u>

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 at the bank's prime rate plus 1.0% (4.25% as of June 30, 2021). The debt was collateralized by substantially all assets of the Museum. The loan was fully repaid in September 2021.

The Museum obtained a \$519,200 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. On June 22, 2022, the Museum received notification that their PPP loan was forgiven and have recorded the forgiveness of debt in other income on the consolidated statement of activities and changes in net assets.

Interest expense for all notes payable totaled \$11,715 for the year ended June 30, 2022.

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

For the Years Ending June 30,	Amount
2023	\$ 21,723
2024	18,701
2025	19,270
2026	19,822
2027	20,460
Thereafter	272,446
Total	<u>\$ 372,422</u>

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, 2022 totaled \$115,295 and is shown as a deferred rent obligation in the accompanying consolidated financial statements.

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, 2022, the Museum had the following endowment-related activities:

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - ENDOWMENT FUNDS (CONTINUED)

	General	Boatshop	Flagship	Total
Beginning balance	\$ 19,745,190	\$ 3,358,021	\$ 94	\$ 23,103,305
Investment return, net	(2,116,506)	(477,372)	-	(2,593,878)
Amounts appropriated for expenditure	(2,175,798)	(164,548)	-	(2,340,346)
Ending balance	<u>\$ 15,452,886</u>	<u>\$ 2,716,101</u>	<u>\$ 94</u>	<u>\$ 18,169,081</u>

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 fair value of the general fund for general operations of the Museum and 5% of the fair value of the boatshop fund for the boatshop operations of the Museum.

NOTE 7 - NET ASSETS

Without Donor Restrictions

Net assets without donor restrictions of \$18,169,081 as of June 30, 2022 have been designated by the Board, which are included in the endowment fund.

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - NET ASSETS

With Donor Restrictions

Net assets with donor restrictions consisted of the following purposes as of June 30, 2022:

Education	\$ 40,150
Exhibits	7,715
Other programs and projects	<u>38,955</u>
Total net assets with donor restrictions	<u>\$ 86,820</u>

Net assets released from donor restrictions totaling \$448,805 for the year ended June 30, 2022 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 \$64,387 for the year ended June 30, 2022.

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 \$47,000 as of June 30, 2022.

The Securities Investors Protection Corporation ("SIPC"), a non-government entity that protects against the loss of cash and securities held by a customer in a SPIC participating brokerage firm 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, 2022, the Museum did not have un-invested cash with its investment institutions.

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.

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 10 – COMMITMENTS (CONTINUED)

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, 2022, the future minimum lease commitments, excluding potential renewal options, are as follows:

Year Ending June 30,	Amount
2023	190,000
2024	95,000
Total	<u>\$ 285,000</u>

Rent expense related to these leases was \$113,000 for the year ended June 30, 2022.

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, 2022, were as follows:

Cash and cash equivalents	\$ 30,711
Grants and other receivables	202,483
Investments	<u>18,169,081</u>
Total financial assets	18,402,275
Less: Amounts requiring approval by the Board for expenditure	(18,169,081)
Plus: Approved endowment draw for next year	<u>1,640,347</u>
Total financial assets available within one year for general expenditure	<u>\$ 1,873,541</u>

INDEPENDENCE SEAPORT MUSEUM AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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. The Museum is monitoring how the restrictive measures, including mask and vaccine requirements were implemented or reinstated by various governmental authorities and private business. Economic recovery in the United States 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 December 8, 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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