

INDEPENDENCE SEAPORT MUSEUM ANNUAL REPORT

2022-2023



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

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



FROM THE CHAIR OF THE BOARD OF PORT WARDENS

As someone who has a lifelong curiosity to better understand the role that waterways and ships have played in our development, it is easy for me to speak about the Independence Seaport Museum in the context of a journey. We have hull integrity, power, and steerage. Our staff and board have grown in effectiveness and our collaboration toward the benefit of visitors and our community is reaching new shores.

The new exhibition, ***At the Water's Edge***, has attracted new audiences for the museum while showcasing some of the amazing treasures in our collection. Our biggest artifact, the *Olympia*, continues to undergo restoration. This year, the museum was recognized for its long-term commitment to preserving this national treasure. Our board has added several new members this year while some long serving Port Wardens have cycled off at the conclusion of their terms. This year, we completed a process to select a new auditor—the results of which you are reading in this report. We also have revised our investment policy and accepted a record number of objects into our collections.

To me, the best part has been seeing so many of you attending our events. From our members-only early morning openings for families to our evening events on *Olympia* and in the museum, the museum is a busy and happening place.

In sailing, one learns to balance caution with action and patience with opportunity. Similarly, your museum is taking a similar course. We are working every day to bring our stories to life through programs and exhibitions while also ensuring the stewardship of our resources. Thank you for your support, and I look forward to seeing you this coming year.



A handwritten signature in black ink that reads "Peter Ernst". The signature is stylized and cursive.

Peter Ernst

Chairman, Board of Port Wardens
Independence Seaport Museum

FROM THE PRESIDENT & CEO

Over the last year, the Independence Seaport Museum (ISM) has continued to make tremendous strides internally and externally toward becoming the foremost museum and education center devoted to telling the stories of the Delaware River and surrounding region. Personnel changes during this period have brought an incredible influx of talent to ISM, resulting in new ideas and support becoming bywords of our operation.

In 2021, ISM adopted a three-year plan designed to focus the museum on building its management, governance, and operational capacity. The plan began with adopting a new mission that established the intellectual foundation upon which we are now basing our programming and exhibitions. The action steps in the plan have been implemented by a wide range of teams involving the board and senior management. To date, more than 90% of that plan has been successfully completed. Work has included new personnel policies, such as employee and management training and a standardized evaluation process. Financial policies, updated by-laws, and operational procedures have also been approved and implemented. Our exhibitions' phased rebuilding has begun, simultaneously paired with updated collection policies. Finally, we have elevated and brought a high degree of sophistication to our development work by installing a new Director of Development and subsequent positions, resulting in new donors being engaged with ISM.

Exhibitions remain at the heart of the museum experience, and as such, this year, we focused on a new strategic plan to renew and replace all of our exhibitions over the subsequent years. In February, we demolished one of the oldest museum exhibits located on the second floor outside of the auditorium, allowing us to convert the space into a new gallery highlighting our world-class print and painting collections. The museum is excited as we continue to implement strategic changes to enhance our visitors' experiences as they continue to discover Philadelphia's river of history and world of connections.

There are many new and exciting projects on the horizon at ISM. I continue to be impressed not only with the creative energies and incredible work being accomplished but also by the institution's strategic direction as we continue to grow.

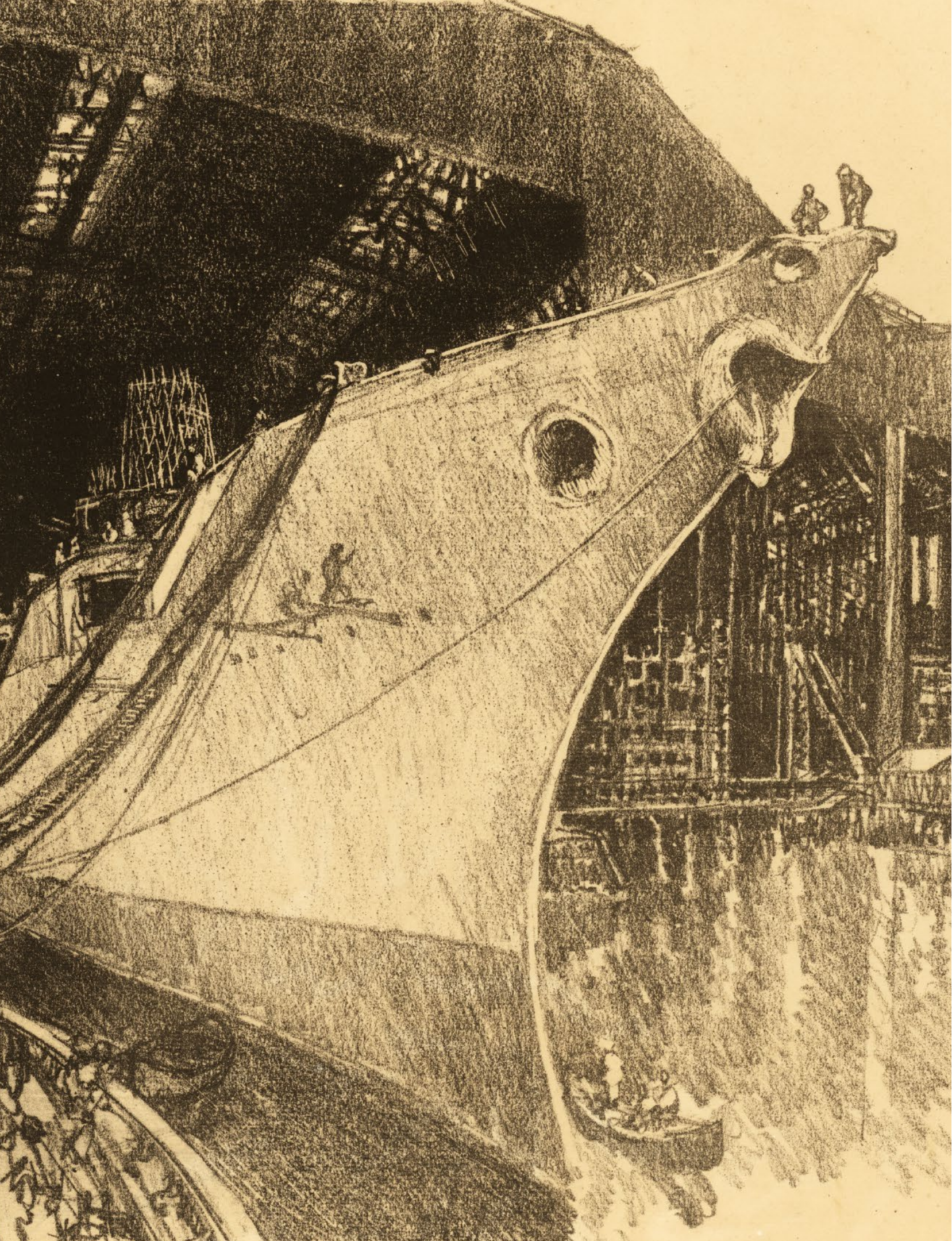
Onward and upward.



A handwritten signature in black ink, which appears to read "Peter S. Seibert".

Peter S. Seibert

President and CEO
Independence Seaport Museum



BOARD OF PORT WARDENS

Peter Ernst, **Chairman**

Courtney Disston, **Vice Chair**

Thomas G. Ashton, **Vice Chair**

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

Kenneth Wood, **Treasurer**

MEMBERS

Joe Benton

John C. Devereux

Jonathan Epstein, MD

Deborah S. Gibbons-Neff

Brett E.J. Gorman

Scott Gardner Huston

Max Kaiserman

Erik C. Klein

Joseph B. Lockley

Tim McGrath

William F. Moen, Jr.

Joanne Phillips, Esq.

Captain Arthur H. Sulzer, USN (Ret.)

Pamela Switlik

John P. Ventura

EMERITUS

Peter H. Havens, **Chair Emeritus**

Joseph F. Huber, **Trustee Emeritus**

Peter McCausland, **Chair Emeritus**

EXECUTIVE STAFF

Peter S. Seibert, **President & CEO**

Michael J. Flynn, **Executive Vice President & COO**

Jae Wook Shim, **Controller**

Judy Baker, **Director of Human Resources and
Volunteer Programs**

Meg Clifton North, **Director of Development**

Michael Madeja, **Director of Education***

Alexis Furlong, **Director of Marketing & Communications***

**Members of Executive Staff at time of publication*

TABLE OF CONTENTS

- MUSEUM** **12**
 - Admissions
 - On-water Programming
 - Educational Programming
 - The Seaport Boat Shop

- COLLECTIONS** **22**
 - The Collections
 - New Acquisitions
 - At the Water's Edge*
 - Historic Ships

- DEVELOPMENT** **32**
 - Donor List
 - Seaport Day of Giving
 - Membership

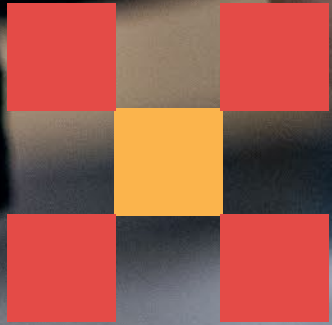
- FINANCIALS** **40**
 - Audit: FY 2022-2023



MUSEUM

The Independence Seaport Museum ushered in a new fiscal year on July 1, 2022, and with it, visitors looking to discover Philadelphia's river of history and world of connections through the exploration of award-winning exhibits, our historic ships, the *Olympia* and the *Becuna*, and various programming that ranged from on-water to in The Seaport Boat Shop. With a new exhibition that opened in April of 2023, the museum became one of the only destinations in Philadelphia where visitors could learn about the city's origins and its relationship to the Delaware River.





MUSEUM ADMISSIONS

For the better part of the fiscal year, guests purchased tickets using an à la carte method, but in May of 2023, the museum introduced a new system for ticket purchasing, where they would select a pre-set package based on their interest. Not only did this help streamline the visitor experience, but each option also offered them the ability to save more by bundling options as opposed to the previous method.



Museum Building	15,377
ISM Members	4,097
Olympia	22,455
Guided Ship Tours	6,980



ON-WATER PROGRAMMING

The return of the summer season meant the launch of the Independence Seaport Museum's on-water programming in the boat basin with Paddle Penn's Landing. The ever-popular paddle boat rentals allowed visitors of all ages to experience the Delaware River safely in a controlled environment and make memories that would last a lifetime.



Paddle Penn's Landing

6,550

EDUCATIONAL PROGRAMMING

ISM continued its mission of educating the next generation of future leaders through our SAILOR program, run in The Seaport Boat Shop.

Designed for high school aged participants, SAILOR connects students to the water through wooden boatbuilding. This hands-on model encourages growth in the sciences, mathematics, and engineering through team building and problem-solving.





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 the museum. Additionally, adult programming, offered throughout the year, allows participants an up close and personal view of the process.



Screws Installed	584
Gallons of Wood Shavings	35
Bungs Glued, Trimmed, and Sanded	102
Feet of Planks Milled	58
Pencils Worn Down to a Nub	96
Gallons of Sealer, Paint, and Varnish	3
Irritating Splinters Removed	∞
Cups of Coffee Drank	∞

COLLECTIONS

Over the years, the Independence Seaport Museum has actively acquired artifacts and works of art that support its mission. Today, the museum's collections include over 10,000 objects and one million documents, including the historic *Olympia*, the oldest floating steel warship in the world, and the *Becuna*, a World War II-era submarine.



STEWARDSHIP OF OUR PRICELESS COLLECTIONS

2023 could be called “the year of the collections” as the museum’s object and documentary holdings grew at an unprecedented rate. This growth includes nationally significant objects such as the watercolor of Commodore Barry teaching maritime navigation and the incredibly rare Chinese export porcelain sample cup. The latter is one of a handful in the world and incorporates ten different rim designs to show a potential 18th-century buyer what was available to be commissioned. It has been a year of truly remarkable acquisitions.

Simultaneously, our curatorial and archival staff have overseen the restoration of notable pieces of the collection. This past summer, the museum was able to apply conservation methods to Admiral Dewey’s second admiral’s flag in our collection, whose restoration was funded by the John Quincy Adams Foundation. Textile conservator Virginia Whelan spent two weeks at ISM gently cleaning the flag and tactfully stabilizing the well-worn material. When conservation was complete, she installed the piece in a custom frame to further preserve this piece of history. Additionally, in preparation for the re-installation of several masterpieces from our collection in public spaces, we have undertaken the massive task of understanding and rebuilding missing elements from the museum’s William Rush ship’s figurehead of Mary (formerly known as Peace). Carved circa 1810, this is the only William Rush ship figurehead to survive. Having been moved to a



garden in Lancaster, Pennsylvania, after it was removed from its ship, the statue stood for almost a century among the ivy and lilies before being acquired by ISM. With damage from rain and rot, the museum staff, along with a core of dedicated engineers and modelers, have determined what is missing and are working to restore the statue so it can be installed in March of 2024 as part of our new introductory exhibition.

In tandem with staff, our collections committee remains among the most active of our various committees. They have reviewed a record number of donations and purchases and have also thoughtfully reviewed and provided recommendations for the deaccession of items that no longer fit our mission. A special note of thanks needs to be made to Hannah Henderson, widow of our founder, J. Welles Henderson, who made a significant gift this past year to re-establish our collections fund.

A collection is useful only if the constituent components are in a condition where they can be exhibited and studied. From our largest artifact—the *Olympia*—to our smallest—a silver thimble—we have worked this past year to preserve our collections for future generations. Our biggest project is the ongoing work by our facilities staff, who have made significant upgrades to our ancient HVAC system, including the replacement of our antique Gateway computer that ran the system.

As mentioned on the previous pages, 2023 was the “**year of the collections.**” Here are some highlights of new acquisitions:

■ **Chinese Export Lacquer Box**

This sewing box is an excellent example of early-to-mid 19th-century Chinese export lacquerware. The box (along with its original key) includes several pieces of period sewing implements. Featuring a monogram on the lid, this piece was very personal to the owner and could be considered a family treasure.

Acquired through the generosity of Hannah L. Henderson



■ **China Export Porcelain Salesman’s Sample**

This rare example of a salesman’s sample serves as a key to understanding how individuals ordered their china patterns in the 19th-century. A single sample piece showcases eight different patterns for a prospective buyer to select from, similar in concept to using a paint swatch for picking a color for a wall.

Acquired through the generosity of Hannah L. Henderson



■ **Painting – “Norristown from the Schuylkill”**

Featured in *Time Magazine* on December 24, 1951, this painting by Philadelphia’s Walter Stuempfig depicts a romantic view of Norristown from the Schuylkill River.

Acquired through the generosity of Hannah L. Henderson



■ **Sculpture of St. Michael, c. 1800**

This early 19th-century wooden sculpture is of St. Michael and was potentially saved from St. Michael's Roman Catholic Church when the initial church was destroyed during the Nativist Riots of 1844. It is believed that this sculpture was carved by a local ship carver.

Gift of Sylvia Leistyna Lahvis, PhD



AT THE WATER'S EDGE: WORKING AND LIVING ALONG THE DELAWARE RIVER

In April 2023, the Independence Seaport Museum launched its inaugural exhibition, *At the Water's Edge: Working and living along the Delaware River (At the Water's Edge)*, in its brand-new Richard C. von Hess Foundation Gallery. This new gallery aims to feature and uncover, in a fine arts setting, the unique and extensive collections right here at ISM that previously have been unseen by the public.

While only 326 miles in length, considerably shorter than other nearby rivers, the Delaware River might be small, but it is mighty. Home to millions of people for centuries, this waterway is the most significant geographic feature along the eastern seaboard. In *At the Water's Edge*, visitors learn about the people who lived and worked there, from sailors to ironworkers to canal boatmen to newly arrived immigrants seeking economic and religious freedom. Visitors of all ages can embark on their own journey of defining the importance of the Delaware River steps from the water's edge.

The museum thanks the Richard C. von Hess Foundation for their generous support. With their contribution, ISM was able to make necessary upgrades to the gallery space, including the construction of walls, improvement of the lighting and sound system, and other cosmetic improvements, like new carpeting and painting.

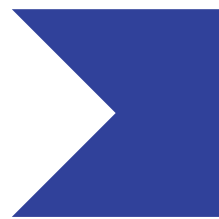
This exhibit features artifacts and artwork rarely seen by the public. In it, visitors will see art and artifacts like:

- A portrait of "Alice": Alice was an enslaved woman who lived her entire life along the Philadelphia Waterfront. She managed and operated Dunk's Ferry (going from present-day Neshaminy State Park, PA, to Edgewater Park, NJ) for some 40 years, transporting passengers, wagons, and cargoes herself across the sometimes swift tidal Delaware River.
- Four works by Paul Cret of local bridges: the Ben Franklin, University Avenue, and Penrose Avenue.
- A surveyor's drawing of Smith and Windmill Islands. These Islands were removed during 1893-1897 to make room for larger ship navigation.
- A chart made for William Penn in 1681 of the Philadelphia region showing how the Lenape lands were first divided into parcels, with the owners' names.



HISTORIC SHIPS

The *Olympia* and the *Becuna* continued to inspire all visitors who climbed aboard, whether through guided tours, self-exploration, or year-round pop-up programming. The Independence Seaport Museum remains deeply committed to preserving both vessels and, in the spring of 2023, continued stabilizing *Olympia's* hull. ISM was able to repair 36 linear feet along the ship's wind-water line on her starboard side. This project was made possible in part by the Federally Funded Save America's Treasures program under the Institute of Museum and Library Services (Grant #ST-252531-OMS-22) and the National Park Service. Additionally, the waterline work was made possible with support from a grant from the Pennsylvania Historical and Museum Commission's Keystone Preservation Grant, a program funded by the Commonwealth of Pennsylvania.



DEVELOPMENT

The museum is grateful to its many donors, members, and friends who have supported us. With their help, we are able to continue providing both exceptional programs and exhibitions, as well as ensuring that our world-class collections are preserved for generations to come. During this fiscal year, the Development team 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 the *Olympia*, K-12 educational programming, a new exhibition, and collections care and growth.



THANK YOU TO OUR DONORS

■ \$100,000 OR MORE

Hannah L. Henderson
W.W. Smith Charitable Trust

■ \$50,000 – \$99,999

H.F. Lenfest Fund
The Richard C. von Hess Foundation
The William Penn Foundation

■ \$25,000 – \$49,999

The Arcadia Foundation
McCausland Foundation
Peter McCausland
Mr. and Mrs. Peter H. Havens
Pennsylvania Historical & Museum Commission

■ \$10,000 – \$24,999

John Quincy Adams Foundation
Caroline and Peter Ernst
Mrs. Debbie Gibbons-Neff
Gladys Kriebel Delmas Foundation
Scott G. Huston
The Hamilton Family Charitable Trust
The Stewart Huston Charitable Trust
U.S. Navy Cruiser Sailors Assn.
Whitehall Foundation, Inc.
Ken Wood

■ \$5,000 – \$9,999

Grace and Thomas Ashton
John Devereux
Courtney Disston
Delaware River Waterfront Corporation
Hon. James T. Giles (Ret.)
Peter R. & Cynthia K. Kellogg Foundation
Drs. Maggy Myers and Jonathan A. Epstein
Switlik Foundation
Pamela and Stanley Switlik
Withington Foundation, Inc.
WSFS Bank

■ \$1,000 – \$4,999

Andrew and Diedre Bilotta
Armorica Sales, Inc.
Joseph Benton
Mr. and Mrs. Hans Bombeck

Blank Rome LLP
Laura Brody and Max K. Kaiserman
Nancy and William Chandlee
Corinthian Sailing Foundation, Inc.
John and Karen Cunningham
Thomas F. and Sara Emlen
Energy Transfer Partners
Fidelity Charitable
Filipino Executive Council of Greater Philadelphia
Fishers Road Mariners Charitable Fund
William L. and Wendy H. Gaunt
Mr. Brett J. Gorman and Dr. Erika Lindholm
A. John and Laura Gregg
Greta Gridley
Hays Tug & Launch Service, Inc.
Holt Logistics Corporation
Huber Family Charitable Fund
Mr. and Mrs. Joseph F. Huber
Yardley and Scott Jenkins
KMRD Partners, Inc.
The Lindback Foundation
Elizabeth A. and James E. Lunbeck
Maritime Exchange for the Delaware River & Bay
Martin, Ottaway, van Hemmen & Dolan, Inc.
McAllister Towing of Philadelphia, Inc.
Collin and Virginia McNeil
Mr. and Mrs. James W. McLane
Moran Philadelphia
Benjamin R. and Meta Neilson
Mr. and Mrs. Lanny R. Patten
Penn Terminals
John R. and Lisa C. Peracchio
Joanne and Wade Phillips
The Pilots' Association for the Bay & River Delaware
Quaker City Foundation
The Rorer Foundation, Inc.
Elizabeth and Gerald B. Rorer
Morton T. Saunders
Peter and Kim Seibert
South Jersey Port Corporation
Sulzer Marine Services
Mr. and Mrs. William Post Thomas
Susan Wheeler
Vanguard Charitable
Robert C. and Margaret B. Wallis
Nicholas Yarka

SEAPORT DAY OF GIVING

On June 27, the Independence Seaport Museum held the first-ever Seaport Day of Giving. We invited supporters to give before the end of our fiscal year on June 30.

The museum relies on support from our donors to help us grow the largest maritime art and artifact collection in North America, allowing us to continue bringing our city and visitors groundbreaking exhibitions. Donations from Seaport Day of Giving also help us in our ongoing pursuit to preserve the story, history, and significance of both *Olympia* and *Becuna*, ensuring they continue to welcome guests for years to come.

We set a goal of \$25,000, and our donors exceeded that goal by over \$3,000! We were pleased by the generosity of our donors who contributed to Seaport Day of Giving so that ISM can continue its mission of allowing visitors to discover Philadelphia's river of history and world of connections.



MEMBERSHIP

■ SUSTAINING – \$500

Scott and Sandra R. Adzick
George J. Ahern
William B. and Nancy Chandlee
Harry E. and Louise L. Hill
Joanne and Wade Phillips

■ CONTRIBUTING – \$250

David M. Kavanagh and Beth McCarron
Nace and Regina Mullen
Margaret and Victor North
Robert M. and Susan Peck
Timothy M. and Katherine Richards
Robert Schneider and Roberta Benjamin
Darrell A. and Ada S. Sykes
Mark Weiss

CORPORATE MEMBERSHIP

■ CAPTAIN'S CIRCLE – \$5,000

WSFS Bank

■ COMMANDER'S CIRCLE – \$2,500

Blank Rome LLP

■ ENSIGN'S CIRCLE – \$1,000

Day & Zimmermann
Equal Measure
Maritime Exchange for the Delaware River & Bay

EARLY MORNING OPENINGS

In January 2023, we started a new member benefit: Early Morning Openings! This recurring event gives members exclusive access to the museum before we open to the public, with special family-friendly activities from our education team. We welcomed over 130 guests to Early Morning Openings in FY23, many new to ISM, and look forward to continuing this popular event.



FINANCES

What follows is Independence Seaport Museum's audit for July 1, 2022 – June 30, 2023, prepared by BBD, 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

Financial Statements
Year Ended June 30, 2023



1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

INDEPENDENCE SEAPORT MUSEUM

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
<i>Statement of Financial Position</i>	3
<i>Statement of Activities</i>	4
<i>Statement of Functional Expenses</i>	5
<i>Statement of Cash Flows</i>	6
<i>Notes to Financial Statements</i>	7



INDEPENDENT AUDITOR'S REPORT

**Board of Port Wardens
Independence Seaport Museum
Philadelphia, Pennsylvania**

Opinion

We have audited the accompanying financial statements of the Independence Seaport Museum (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Independence Seaport Museum as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Independence Seaport Museum 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 financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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'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 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'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

The financial statements of the Independence Seaport Museum as of and for the year ended June 30, 2022, were audited by other auditors whose report, dated December 8, 2022, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD, LLP.

**Philadelphia, Pennsylvania
December 14, 2023**

INDEPENDENCE SEAPORT MUSEUM

STATEMENT OF FINANCIAL POSITION

June 30, 2023 with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 120,624	\$ 30,711
Accounts receivable		
Contributions	117,556	143,869
Other	32,395	58,614
Prepaid expenses and other assets	94,783	97,503
Investments	17,076,062	18,169,081
Property and equipment, net	3,710,455	3,922,942
Cash surrender value of life insurance policy	132,905	114,102
Total assets	<u>\$ 21,284,780</u>	<u>\$ 22,536,822</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 427,210	\$ 331,854
Deferred revenue	132,682	156,726
Deferred rent obligation	-	115,295
Note payable	350,799	372,422
Total liabilities	<u>910,691</u>	<u>976,297</u>
NET ASSETS		
Without donor restrictions		
Undesignated	3,190,512	3,304,624
Board designated - endowment	17,076,062	18,169,081
	20,266,574	21,473,705
With donor restrictions	107,515	86,820
Total net assets	<u>20,374,089</u>	<u>21,560,525</u>
Total liabilities and net assets	<u>\$ 21,284,780</u>	<u>\$ 22,536,822</u>

See accompanying notes

INDEPENDENCE SEAPORT MUSEUM

STATEMENT OF ACTIVITIES

Year ended June 30, 2023 with comparative totals for 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
REVENUE, GAINS AND SUPPORT				
Contributions and grants	\$ 519,557	\$ 304,448	\$ 824,005	\$ 727,502
Museum admissions	382,903	-	382,903	361,927
Memberships	34,812	-	34,812	33,779
Boatshop and docks	158,919	-	158,919	181,248
Educational programs	73,784	-	73,784	61,357
Facilities rental	313,428	-	313,428	243,697
Special events, net	33,580	-	33,580	27,283
Retail and auxiliary activities, net	375,929	-	375,929	83,295
Other income	48,790	-	48,790	28,192
Endowment spending policy distribution	2,687,368	-	2,687,368	2,340,346
Net assets released from restrictions	283,753	(283,753)	-	-
Total revenue, gains and support	<u>4,912,823</u>	<u>20,695</u>	<u>4,933,518</u>	<u>4,088,626</u>
EXPENSES				
Program services	4,039,025	-	4,039,025	3,895,091
Supporting services				
Management and general	584,729	-	584,729	386,821
Fundraising	410,403	-	410,403	326,455
Total expenses	<u>5,034,157</u>	<u>-</u>	<u>5,034,157</u>	<u>4,608,367</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES				
	(121,334)	20,695	(100,639)	(519,741)
OTHER CHANGES				
Investment income (loss)	1,594,349	-	1,594,349	(2,593,878)
Endowment spending policy distribution	(2,687,368)	-	(2,687,368)	(2,340,346)
Change in cash surrender value of life insurance policy	18,803	-	18,803	(14,953)
Forgiveness of note payable - Paycheck Protection Program	-	-	-	519,200
Interest expense	(11,581)	-	(11,581)	(11,715)
Total other changes	<u>(1,085,797)</u>	<u>-</u>	<u>(1,085,797)</u>	<u>(4,441,692)</u>
CHANGE IN NET ASSETS				
	(1,207,131)	20,695	(1,186,436)	(4,961,433)
NET ASSETS				
Beginning of year	21,473,705	86,820	21,560,525	26,521,958
End of year	<u>\$ 20,266,574</u>	<u>\$ 107,515</u>	<u>\$ 20,374,089</u>	<u>\$ 21,560,525</u>

See accompanying notes

INDEPENDENCE SEAPORT MUSEUM

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023 with comparative totals for 2022

	Supporting Services		Totals	
	Program Services	Management and General	Fundraising	
				2023
Salaries and benefits	\$ 1,971,501	\$ 468,627	\$ 346,257	\$ 2,786,385
Advertising and promotion	109,031	10,160	29,140	148,331
Depreciation	543,602	5,486	-	549,088
Equipment lease	14,710	500	-	15,210
Exhibit maintenance	51,160	-	-	51,160
Insurance	197,824	10,366	2,158	210,348
Occupancy	443,040	41,209	-	484,249
Professional services	441,548	35,311	4,924	481,783
Program supplies and materials	144,653	-	-	144,653
Miscellaneous	121,956	13,070	27,924	162,950
Total expenses included in the expense section on the statement of activities	4,039,025	584,729	410,403	5,034,157
Costs of direct benefits to donors	-	-	-	5,101
Cost of goods sold	47,820	-	-	47,820
Interest expense	-	11,581	-	11,581
Total expenses	\$ 4,086,845	\$ 596,310	\$ 410,403	\$ 5,093,558

5-

See accompanying notes

See accompanying notes

INDEPENDENCE SEAPORT MUSEUM

STATEMENT OF CASH FLOWS

Year ended June 30, 2023 with comparative totals for 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (1,186,436)	\$ (4,961,433)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Realized and unrealized (gain) loss on investments	(1,040,665)	3,313,780
Depreciation	549,088	502,490
Change in cash surrender value of life insurance policy	(18,803)	14,953
Forgiveness of note payable - Paycheck Protection Program	-	(519,200)
(Increase) decrease in		
Accounts receivable	52,532	13,110
Prepaid expenses and other assets	2,720	(66,539)
Increase (decrease) in		
Accounts payable and accrued expenses	16,665	57,429
Deferred revenue	(24,044)	(99,380)
Deferred rent obligation	(115,295)	(77,000)
Net cash used for operating activities	(1,764,238)	(1,821,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,772,540)	(4,603,071)
Proceeds from sale of investments	3,906,224	6,223,515
Purchase of property and equipment	(257,910)	(252,811)
Net cash provided by investing activities	1,875,774	1,367,633
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note payable	(21,623)	(32,706)
Net change in cash	89,913	(486,863)
CASH		
Beginning of year	30,711	517,574
End of year	\$ 120,624	\$ 30,711
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 11,581	\$ 11,715
Purchase of property and equipment included in accounts payable	\$ 78,691	\$ -

See accompanying notes

INDEPENDENCE SEAPORT MUSEUM

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(1) NATURE OF OPERATIONS

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 evergrowing 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.

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.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Museum reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Museum and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

INDEPENDENCE SEAPORT MUSEUM

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Museum to expend the income generated in accordance with the provisions of the contribution. The Museum had no net assets to be maintained indefinitely at June 30, 2023.

Summarized Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles ("**GAAP**"). Accordingly, such information should be read in conjunction with the Museum's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the statement of activities. Investment income is recorded as earned.

The Museum invests in a professionally-managed portfolio that contains various types of investments (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the financial statements could change materially in the near term.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Museum. Unobservable inputs reflect the Museum's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Museum has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Museum's own assumptions.

INDEPENDENCE SEAPORT MUSEUM

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Property and Equipment

Property and equipment are carried at cost, if purchased, and at the fair value at the date of donation if donated. 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 computed on the straight-line basis 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.

Cash Surrender Value of Life Insurance Policy

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.

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 statement of activities.

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.

Contributions and Grants

Contributions and grants are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions are satisfied.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include salaries and benefits which are allocated based on estimates of time and effort and depreciation which is allocated based on estimates of square footage.

INDEPENDENCE SEAPORT MUSEUM

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Income Tax Status

The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Museum's tax-exempt purpose is subject to taxation as unrelated business income.

GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Museum believes that it had no uncertain tax positions as defined in the standard.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$148,331 for the year ended June 30, 2023.

Concentration of Credit Risk

Financial instruments which potentially subject the Museum to concentrations of credit risk are cash and accounts receivable. The Museum maintains cash at various high-quality financial institutions. At times, such deposits may exceed federally-insured limits. Accounts receivable are expected to be collected during the year ended June 30, 2024.

Reclassifications

Certain items in the 2022 summarized comparative totals have been reclassified to conform to the 2023 presentation.

(3) INVESTMENTS

Investments consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 78,225	\$ 47,063
Mutual funds		
Equity	7,567,649	8,174,051
Fixed income	4,945,541	5,866,758
Limited partnership	<u>4,484,647</u>	<u>4,081,209</u>
	<u>\$17,076,062</u>	<u>\$18,169,081</u>

The fair value of investments was determined using level 1 valuation inputs, except for the limited partnership which is measured at net asset value.

The limited 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. The fair value of the investment in this category has been estimated using the net asset value per share. There are no initial lock-up restrictions and no unfunded commitments at June 30, 2023 on this fund. Redemptions may be made quarterly.

Investment income (loss) was comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 648,109	\$ 837,173
Realized and unrealized gains (losses)	1,040,665	(3,313,780)
Investment management fees	<u>(94,425)</u>	<u>(117,271)</u>
	<u>\$ 1,594,349</u>	<u>\$ (2,593,878)</u>

INDEPENDENCE SEAPORT MUSEUM

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(4) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Building improvements	\$ 17,267,980	\$ 16,981,362
Computers and equipment	1,176,896	1,155,817
Furniture and fixtures	560,738	560,738
Vehicles	49,560	49,560
Exhibits	<u>7,065,668</u>	<u>7,043,716</u>
	26,120,842	25,791,193
Less accumulated depreciation	<u>(22,410,387)</u>	<u>(21,868,251)</u>
Total	<u>\$ 3,710,455</u>	<u>\$ 3,922,942</u>

(5) NOTE PAYABLE

The Museum has a 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 an annual rate of 3%, are required until maturity on July 1, 2038.

The note payable matures as follows:

<u>Year ended June 30,</u>		
2024		\$ 18,712
2025		19,281
2026		19,868
2027		20,472
2028		21,094
Thereafter		<u>251,372</u>
		<u>\$350,799</u>

(6) LINE OF CREDIT

The Museum has a \$500,000 bank credit line which bears interest at the Wall Street Prime Rate less 0.25% and expires in July 2025. Advances under this credit line are secured by one of the Museum's investment accounts. There were no advances outstanding at June 30, 2023.

(7) NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

Net assets without donor restrictions are board designated for the following purposes:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Investment Income</u>	<u>Releases/ Expenses</u>	<u>Balance June 30, 2023</u>
General fund	\$15,452,980	\$ -	\$1,271,489	\$(2,551,469)	\$14,173,000
Boatshop fund	<u>2,716,101</u>	<u>-</u>	<u>322,860</u>	<u>(135,899)</u>	<u>2,903,062</u>
	<u>\$18,169,081</u>	<u>\$ -</u>	<u>\$1,594,349</u>	<u>\$(2,687,368)</u>	<u>\$17,076,062</u>

INDEPENDENCE SEAPORT MUSEUM

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

The general fund has been established by the Museum for the income to support and promote the growth, progress and general welfare of the Museum. The boatshop fund has been established by the Museum for the income to support the boat workshop.

(8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance June 30, 2023</u>
Net assets spendable for specific purposes or periods				
Education	\$40,150	\$ 92,365	\$(118,456)	\$ 14,059
Exhibits	7,715	10,000	(17,215)	500
Other	<u>38,955</u>	<u>202,083</u>	<u>(148,082)</u>	<u>92,956</u>
	<u>\$86,820</u>	<u>\$304,448</u>	<u>\$(283,753)</u>	<u>\$107,515</u>

(9) ENDOWMENT FUNDS

An accounting standard exists which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Museum is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, the Museum has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The Museum's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The spending policy calculates the amount of money annually distributed from the endowment fund with donor restriction to support various programs. The current spending policy is to distribute an amount equal to 5.5% of the three-year average fair value of the general fund and 5% of the three-year average fair value of the boatshop fund.

	<u>Without Donor Restrictions</u>
Endowment net assets, July 1, 2022	\$18,169,081
Investment income (loss)	1,594,349
Spending policy distribution	<u>(2,687,368)</u>
Endowment net assets, June 30, 2023	<u>\$17,076,062</u>

(10) RETIREMENT PLAN

The Museum has a defined contribution retirement plan for eligible employees. The Museum matches the employee's contribution up to 4.5% of salary. The Museum's contributions to the plan were \$77,591 for the year ended June 30, 2023.

INDEPENDENCE SEAPORT MUSEUM

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(11) COMMITMENTS

The Museum leases its Penn's Landing facility under an operating lease agreement with the Delaware River Waterfront Corporation, formerly Penn's Landing Corporation. The lease term expires in December 2026, with rent increases scheduled every five years. As a result of the landlord directed construction activities, management does not anticipate paying rent through the current lease term. 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.

Rent expense related to this lease was \$27,205 for the year ended June 30, 2023.

(12) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Museum's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

Cash	\$ 120,624
Accounts receivable	149,951
Investments	<u>17,076,062</u>
Total financial assets	17,346,637
Less: financial assets not available for general operations within one year	
Restricted by donor for specific purposes or periods	(107,515)
Board designated funds	(17,076,062)
Add: Estimated FY 2024 endowment spending policy distribution	<u>1,735,000</u>
Total financial assets available within one year	<u>\$ 1,898,060</u>

Liquidity Management

The Museum monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of available funds. The Museum has various sources of liquidity, including cash, investments and a line of credit.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 14, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023 that require recognition or disclosure in the financial statements.



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