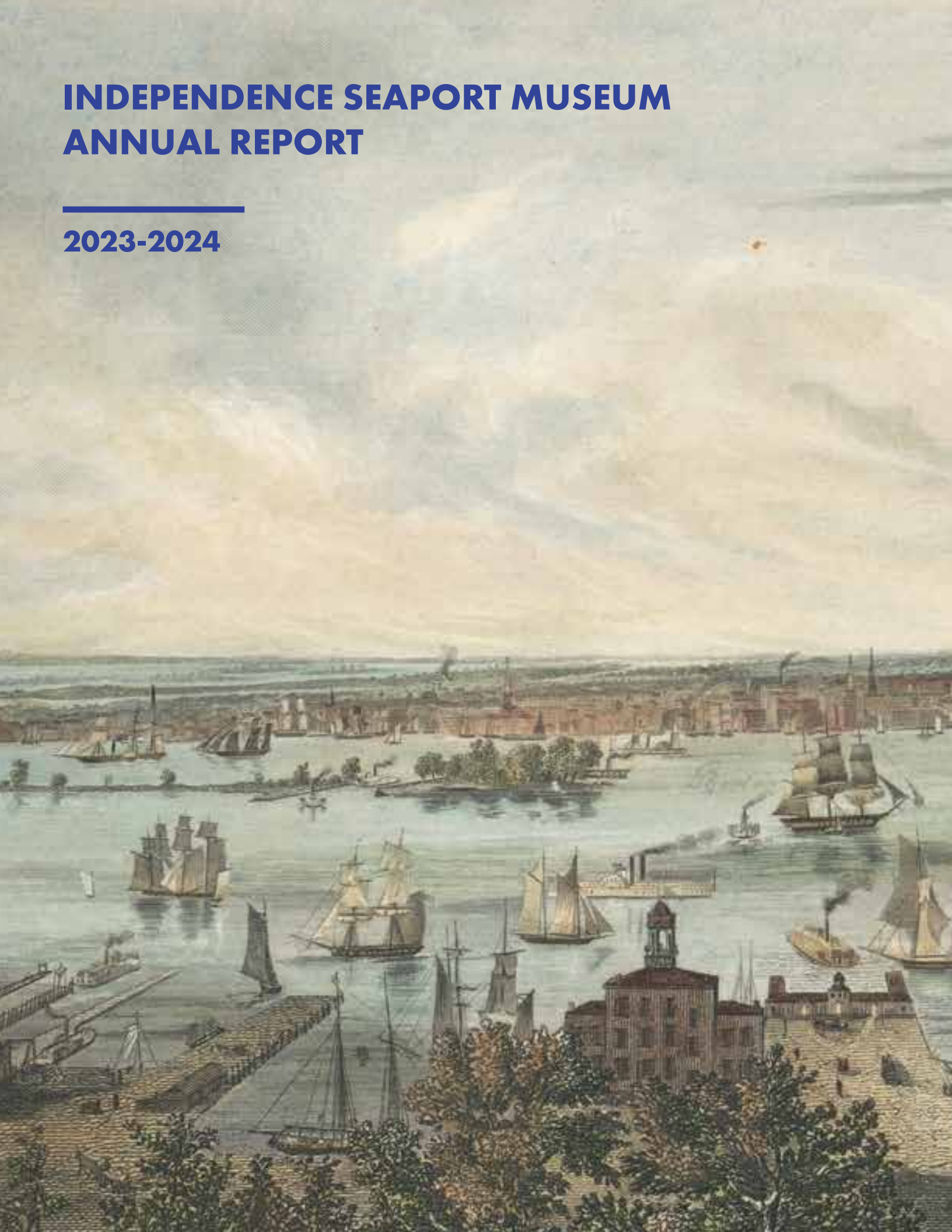


# INDEPENDENCE SEAPORT MUSEUM ANNUAL REPORT

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2023-2024





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







## FROM THE CHAIR OF THE BOARD OF PORT WARDENS

The journey to identify the correct question at the correct time is a meaningful starting point. When asked what made life on the water different from life on land, one mariner commented, “when a decision is made on the water and then applied on land, the outcomes are rarely worse off, though the opposite is certainly not true.”

At the Independence Seaport Museum (ISM) this year, we have observed the benefits of an engaged and dedicated team on and off of the water. We bring the talents of many individuals, including Port Wardens, committee members, staff, and volunteers, together to create great experiences for visitors, new and old. This year, in particular, we have numerous examples of the kind of teamwork that recognized the difference between decisions made on the water and those made on land in the context of the stories and experiences offered to visitors.

Our strategic plan, crafted by a team from the Board and staff in 2021, called for the relocation of our entrance to the south side of the property. Why? Because as the waterfront has developed over the decades, Spruce Street Harbor Park has become the center of events and activities. Relocating the museum entrance to face that area, particularly while public works construction is occurring to the north, just made sense in order to attract audiences. Thanks to outside financial support and lots of hard work from our teams, this spring we not only opened our new entrance but also created an incredible new introductory gallery that highlights who we are to visitors. The result has been a substantial uptick in our visitation.

The type of teamwork that happens behind the scenes, with engaged and dedicated people who support the Independence Seaport Museum, was also visible this year. We are so appreciative of our donors who step up every day and help us grow our museum along the water’s edge.



This spring, for example, a donor made a challenge grant to the organization that would be matched dollar-for-dollar by the donor and his wife. On our Seaport Day of Giving, we not only met that goal but went over the total fivefold!! The funding was used by the museum to support our educational programs and exhibitions, thus returning the value of the gift back to the community.

Another amazing story relates to a couple who are starting to think about their estate planning. This is always a sensitive topic and one that few of us like to think about. And yet, this dynamic duo decided to contact the Seaport Museum now to talk through how their planning could benefit us. Their passion for the *Olympia* – someday in the future – will be manifested by a gift to the museum that will help us to preserve and restore this national landmark.

Finally, I want to acknowledge the work of our Port Wardens – a group of eighteen dedicated volunteers who lead ISM. All successful non-profit boards grow and evolve over time. New skills are needed, and so the boards change. Our current Board consists of a dedicated and hardworking team that is both passionate about our mission and understanding of the responsibilities that come with governing an agency of purely public charity. I thank them for their engagement and dedication.



**Peter Ernst**  
Chairman, Board of Port Wardens  
Independence Seaport Museum

## FROM THE PRESIDENT & CEO

*“The illiterate of the future will not be the person who cannot read. It will be the person who does not know how to learn.” - Alvin Toffler*

### **What is this place about?**

That was the question posed to me a few months ago by a reporter who was working on an article about the Independence Seaport Museum. My answer came tumbling out very quickly...we are about teaching and learning. Noting that these words sounded identical, the reporter pressed me to explain. Yes...many of our programs involve teaching visitors skills in our boat shop or about the history of the British invasion of Philadelphia in 1777. And yet, ALL our programs include learning. The difference being that learning is a two-way street of exchanging knowledge and information, whereas teaching is one way. Successful educational programs in a museum have to do both!

### **Teaching and learning in practice every day!**

It's a Tuesday, and the museum is humming. In our exhibitions, a group of teenage River Ambassadors led by Ruthie and the education staff are working with our guests to learn about water quality in the Delaware River. Over in the boat shop, Dave and his team are working with a class of students on learning the math and engineering skills required to build a boat. On board the historic ships, Greg and his team are starting the first tours of the day. In the archives, Craig and Sarah are working on the final take of a YouTube video about why dredging is important, then and now, to the story of the river. This diversity of activities is pretty normal at the museum. Yet all the various pieces share the common thread about teaching and learning with our guests. Maybe it is as simple as a discussion about the folk art watercolor in our introductory gallery. Or maybe it is the complexity of talking through the global historical narrative that connects *Olympia* to America's present position in the Pacific Rim. Either way, such conversations are what makes history fun and brings it to life.

### **It's all about the visitor!**

This past year, we have spent a lot of time focused on how we can create a seamless experience for our visitors. Visitors to museums today have far more limitations on their time than in the past. We know that and want to make the experience as fulfilling as possible. Our entrance, curated guest ticket packages, and introductory exhibition are all about setting the stage for lots of learning inside and outside of the museum.

Our exhibitions—the heart and soul of the guest experience—are undergoing a reimagining. Studies have shown that the public trusts museums to provide them with factually accurate and thoughtful exhibitions and programs. We take that obligation seriously and invest considerable research on our collections to get the story correct. This year, our curatorial staff spent hours studying and restoring the figure of *Mary*—our iconic ship’s figurehead carving by William Rush of Philadelphia. Using 3D imaging and the skills of a maritime architect, we determined both her original appearance and how she was installed on a ship.

Museum research is not just about two hundred year old history but sometimes it is about what happened forty years ago. Take for example our multi-year oral history project funded by the Pew Center for Arts & Heritage and the William Penn Foundation, which enables us to collect the stories of African-Americans along the Delaware River waterfront since the 1960s. These stories, in danger of being lost forever, are being recorded for use in the 2026 expansion of our popular exhibit *Tides of Freedom: African Presence on the Delaware River*.

### **The support of our friends.**

Teaching and learning about Philadelphia’s river of history and world of connections does not come without a price. The support of our friends across the United States ensures that we can continue to preserve and tell the maritime stories of our region. I have had the great fortune to meet many of our donors this past year. Each brings a passion to ISM. For two donors—one in Michigan and the other in California—it will be about restoring *Olympia*’s bridge. For a local foundation, it is about continuing a decades-long commitment of supporting classroom visits to the museum by area students. Each of our donors brings a great passion and a personal story to the museum. We value that support and are eternally grateful for our donor’s vote of confidence in our efforts at teaching and learning.

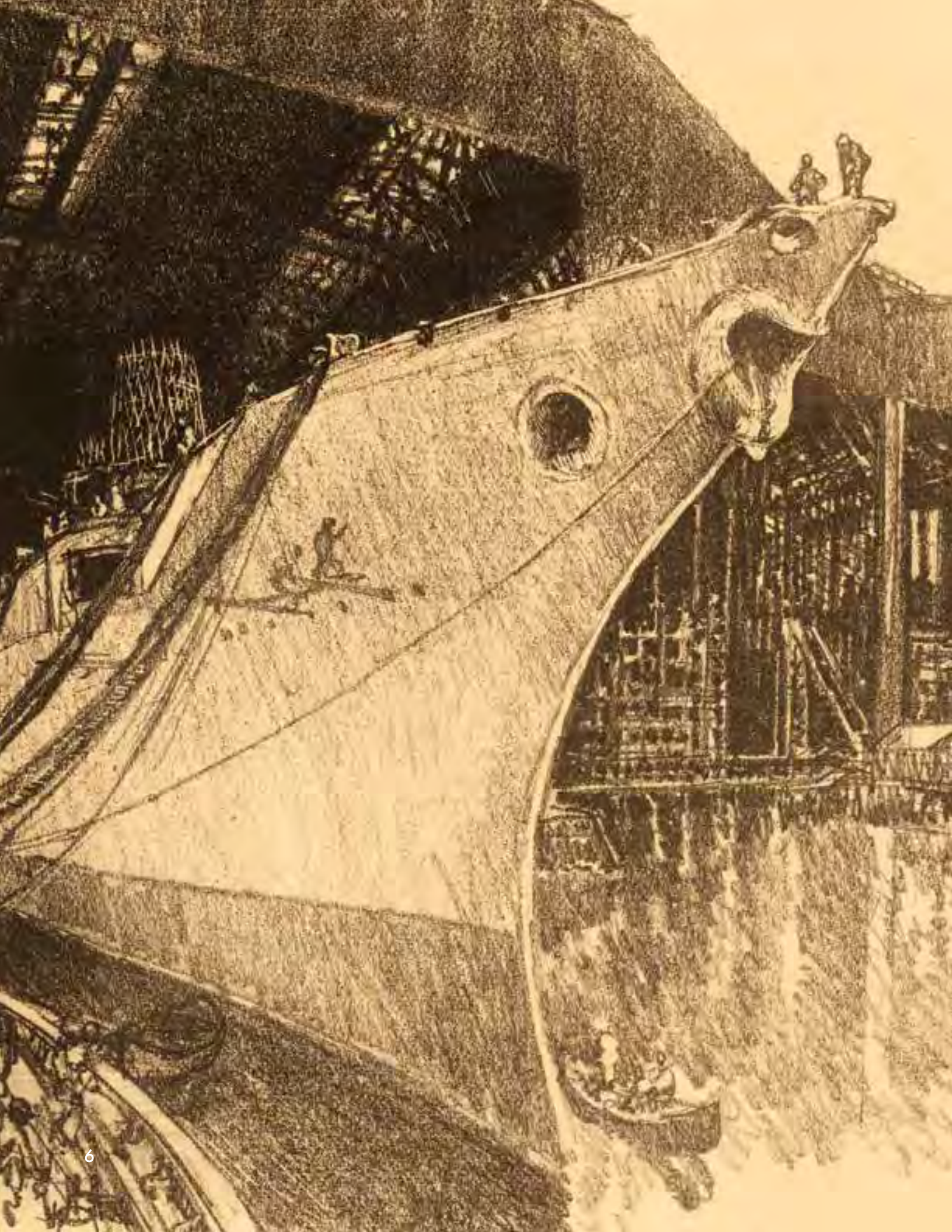
Onward and upward.



A handwritten signature in blue ink that reads "Peter S. Seibert". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

**Peter S. Seibert**  
President and CEO  
Independence Seaport Museum







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# FISHARIUM





# MUSEUM

The Independence Seaport Museum (ISM) ushered in a new fiscal year on July 1, 2023, and with it, a renewed interest in visitors of all ages from all locations 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 programming that ranged from on-land to on-water. Halfway through this fiscal year, the museum started construction on a new main entrance, accompanying lobby, and an introductory exhibit to better connect guests to the Delaware River and everything ISM has to offer. Open since March 2024, this new experience engages visitors as soon as they step into the building, with new views of the Seaport Boat Shop, our collections, and more.



## NEW ENTRANCE AND INTRODUCTORY EXHIBITION

On March 22, 2024, the Independence Seaport Museum opened not only a new entrance and lobby on the south side of the building adjacent to Spruce Street Harbor Park, but also an introductory exhibition that showcases roughly 150 items from the collections that had rarely, if ever, been seen before.

A goal of the most recent strategic plan, the relocation of the main entrance allows the museum to provide visitors of all ages with a more up close and personal view of the Delaware River; plus it helps more closely link our building to our historic ships, the *Olympia* and the *Becuna*. Just beyond the new entrance is a new lobby crafted with the customer experience in mind and how the ticket purchasing process could be streamlined. As part of the design, ISM installed kiosks where guests could purchase their tickets and have them delivered electronically. While public engagement representatives were (and are) still on-site to answer any questions, this feature is a great way to make the overall process faster and more convenient. The museum would like to thank A K Architecture and KMC Partners, who designed and constructed the entryway and lobby, respectively, and also the Delaware River Waterfront Corporation, whose generosity made this project possible.

Upon exiting the lobby, guests are brought into the new introductory exhibition, where they can gain an understanding of the museum's history and also what they will experience during their visit. Comprised of four galleries, each focuses on a different theme of ISM's collections: Philadelphia's American Revolutionary naval history, the pop culture mania for Admiral George Dewey, who commanded America's naval forces in the Pacific during the Spanish-American War, the recreational use of the Delaware River, and the







waterway's shipyards that have played a critical role in our nation's maritime history. Highlights include a signal book from 1777 (one of the oldest pieces exhibited) that was commissioned and owned by Admiral Richard Howe of the Royal Navy and used during the American Revolutionary War. In the "Dewey-mania" section, commemorative medals (designed and produced by Tiffany and Co.) that were awarded to the 1,848 men who served under Commodore (later Admiral) George Dewey during the Battle of Manila Bay on May 1, 1898, are showcased. Authorized by Congress, one side featured Admiral Dewey's portrait on the front and a sailor on the back. Each medal was personalized with the name and rank of those who received one.

While this exhibition focuses on highlighting items from the collections that haven't been on view, the galleries also include objects that were previously showcased but can now be seen from a new perspective. Past visitors or members of the museum might remember seeing a carving of a woman holding a dove on the grand staircase. *Mary* (also known as *Peace*) is attributed to William Rush, who is regarded as America's first sculptor. A former ship's masthead, the carving is roughly 200 years old and went through an extensive restoration process before being moved to her new home in the museum, complete with a 3D scan and printing, to fill in areas and pieces that were previously lost to history. *Mary* is now mounted in the gallery as she would have appeared when first installed on her ship in roughly the early 19th century.

The repositioning of the main entrance and lobby, plus the addition of the introductory exhibition, reinforces the Independence Seaport Museum's commitment to providing the best experience possible for visitors of all ages. As we continue to plan for the future, this will always be top of mind and one of our guiding principles.







## MUSEUM ADMISSIONS

The museum's ticket packages, which were enacted last year, still resonate with guests as a customizable and cost-effective way to visit the Independence Seaport Museum. Because of these packages, we also continue to see an influx of online sales, especially during our peak season.



Total Visitation

**52,600**







## ON-WATER PROGRAMMING

The Independence Seaport Museum's on-water offerings returned for another year, with options for all ages. Experienced paddlers, along with a guide, explored the Delaware River first-hand, with guided excursions up and down the waterway. For those wanting a more casual outing, Paddle Penn's Landing offered paddlers the ability to stay in the museum's protected basin while getting an up-close-and-personal look at *Olympia* and *Becuna* in a swan boat.



# EDUCATIONAL PROGRAMMING

## SAILOR

The Independence Seaport Museum 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.



## RIVER AMBASSADORS

The River Ambassadors is a ten-week work-and-learn summer program at the Independence Seaport Museum for Philadelphia high school students in grades 10-12. The program put equal emphasis on academic, professional, trade, and 21st-century life skills. Ambassadors trained in community-based leadership, research, and museum education to put on lessons for the public in our Citizen Science Lab. Additionally, Ambassadors water tested for temperature, nutrient levels, and coliform bacteria. They collected this data to monitor fluctuations in the Delaware River throughout the summer. The students finished the program empowered as environmental ambassadors to their neighborhoods and schools.

*Lead support for Independence Seaport Museum's River Ambassadors is provided by the William Penn Foundation. Support also provided by The W. W. Smith Charitable Trust, The Hamilton Family Charitable Trust, The Arcadia Foundation, The Christian R. and Mary F. Lindback Foundation, and The Dolfinger-McMahon 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. Additionally, adult programming, offered throughout the year, allowed participants the ability to learn about this time-honored craft.



Screws Installed	<b>523</b>
Gallons of Wood Shavings	<b>100</b>
Bungs Glued, Trimmed, and Sanded	<b>120</b>
Feet of Planks Milled	<b>75</b>
Pencils Worn Down to a Nub	<b>83</b>
Gallons of Sealer, Paint, and Varnish	<b>8</b>
Irritating Splinters Removed	<b>∞</b>
Cups of Coffee Drank	<b>∞</b>





# 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.



# THE YEAR IN COLLECTIONS

What do a torpedo gyroscope, a painting of a Chinese junk, and a pair of sailor's pants have in common? They are all recent purchases or donations to the Independence Seaport Museum!

In 2023-24, the museum brought in a record number of new objects and documents for our collections. While some are substantial in size, others could fit into a shoebox. And yet each one shares a common history that connects them to our mission of discovering Philadelphia's river of history and world of connections.

## **We know that people come to museums to see objects.**

Mind you, we are not talking about antiquarianism—that passion for lots of things just for the sake of owning them. Rather, we are constantly surrounded by objects (cars, boats, clothing, books), and thus, we are curious about them. How were they made? Where were they used? Who owned them? Answering those questions (using the best research available) is what museums are fundamentally about. We connect the dots between the material world and human experience.

Take, for example, the painting we acquired of a Chinese junk, or sailing vessel. It was painted by one of perhaps several dozen unknown Chinese artists who worked in the 18th and early 19th centuries. American and European ship captains commissioned these artists to paint their vessels to remember their trading voyages to China. The example we acquired is a small painting dating from the 19th century and probably commissioned by an American sea captain. While there are a fair number of Chinese-painted clipper ship paintings, there are relatively few of sailing junks. Thus, when we look at the painting, we can see it as a visual snapshot of what a junk under sail in the early 19th century looked like. It also helps us to understand how Western ship captains were startled when they first encountered these unique ships at sea. It is a simple painting that reveals a great deal about both the maker and owner.

## **Thank you to our donors!**

The museum is grateful to the many donors of both objects and financial support whose generosity enables us to collect these items and tell their stories. This year, thanks to the support of Hannah Henderson, a Trustee Emeritus of the Board of Port Wardens, we were able to build our collections of materials related to the China trade. Her generosity enabled us to not only acquire the







painting of the junk but also more than a dozen other examples of ceramics made in China for the Philadelphia market.

We also want to thank Dona File, a friend of the museum, who donated an incredibly rare pair of trousers to the museum. Military uniforms, particularly those worn during the 19th century, are uncommon. In many cases, uniforms were worn after a soldier or sailor left service until they were eventually discarded when they were worn out. This was particularly true when it came to trousers. Dona's ancestor was a sailor on the USS *Young Rover* during the Civil War. A native of Philadelphia, after his service ended, he returned home and packed his pants away, perhaps to be worn on a special occasion. Those same pants were passed by him to his son and so on down the family tree until they reached Dona. She wanted to ensure that they would be both preserved and seen by future generations.

The museum's single largest artifact in its collections is the *Olympia*. Taking up more square footage than all our other collections combined, it requires tremendous time and attention by our staff. When *Olympia* came to the museum in the 1990s, many of her historic fittings had been removed. Some, like the guns, were stripped by the navy when she was moved to the "mothball" fleet at the Philadelphia Navy Yard. Others were sold off in the 1920s and 1930s as a result of various refitting's. We continue to hunt to restore those items to the ship. This year, we acquired two exciting treasures that reveal to us a great deal about her history. First is a bound book containing all the Navy Department's orders to her during the Spanish-American War. Considering the distance those orders had to travel (from Washington to the Philippines), the book is both a rare and fascinating insight into how the ship functioned. The second item was acquired at a public sale held in a London auction house. It is a very rare... perhaps unique... gyroscope used for launching torpedoes. Many people do not realize that *Olympia* had been fitted to fire torpedoes at one point in her history. This cased gyroscope is of the exact type that would have been used on the cruiser to accurately fire one of her torpedoes. A rare find that we were able to bring back to the ship and thus helped in our understanding of how *Olympia's* systems functioned.



These wonderful objects and their stories are just part of what makes the Independence Seaport Museum such an exceptional institution. The Delaware River is millions of years old. The story of man on the river is considerably less than that. Here, thanks to our donors and through research and study, we work to tell the stories of humankind's history along the Delaware.

Here are some highlights of new acquisitions that took place during the year:

■ **2024.010**

***Olympia Order Book***

Museum purchase.

Collections Category: *Olympia*

This order book, dating to 1897-1899, was a means of organizing the paper orders from the Asiatic Squadron. Types of orders include: Squadron General, Squadron Special, and Squadron Circular; the book also contains regulations from the Navy.



■ **2024.020**

**Navy Issue Pants  
and Accompanying Documents**

Gift of Dona File.

Collections Category: Military – Navy

These white linen Navy-issued pants belonged to Charles File of Philadelphia, and date to the Civil War. They are incredibly rare, as military issued pants were typically worn post-service as everyday clothing, until they wore out; these pants, however, were saved by File and his descendants in a chest, coming to ISM along with photographs of File.





■ **2024.025**

**Painting – Ship at Sea, Chinese**

Acquired through the generosity of Hannah Henderson.

Collections Category: Commerce

This oil painting dates to the mid-1800s and is by an unidentified Chinese painter. The picture is painted in the western style, employing an expressive perspective and atmospheric representation. Spotting this kind of vessel would have been a western ship's crew first encounter with another culture, very different than their own.



■ **2024.035**

**Whitehead Torpedo Gyroscope**

Museum purchase.

Collections Category: *Olympia*



This rare surviving torpedo gyroscope manufactured by Whitehead Torpedo Works in Weymouth, England. The device would have been calibrated by an officer, to be installed within the torpedo prior to launch. *Olympia* was equipped with Whitehead torpedoes before her refit in 1899.



## HISTORIC SHIPS

*Olympia* and *Becuna* continue to inspire all visitors who climb aboard, whether through guided tours, self-exploration, or year-round pop-up programming. This year, in particular, marked a special milestone for “Becky” as she celebrated her 80th commissioning anniversary in May. The Independence Seaport Museum and partners United States Submarine Veterans, Inc. Keystone Base, The Chapel of Four Chaplains, and Sprinkled Sweetness held a ceremony to celebrate the occasion on May 25, 2024. We gathered to honor all those stationed on *Becuna* during the 25 years she was an active-duty vessel and to acknowledge the service she continues to perform today, educating younger generations on subjects ranging from history to science to technology.

*Photos of Becuna’s 80th commissioning anniversary courtesy of Kitt Gee and USSVI Keystone Base.*













# DEVELOPMENT

The museum is grateful to our many donors, members, and friends who have supported us. 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 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, and collections care and growth.



# THANK YOU TO OUR DONORS

## ■ 100,000 OR MORE

The Pew Center for Arts & Heritage  
The Richard C. von Hess Foundation  
The William Penn Foundation

## ■ 50,000-99,999

Institute of Museum and Library Services  
PA Department of Community and Economic Development  
Pennsylvania Historical & Museum Commission

## ■ 25,000-49,999

Eastern Atlantic States Regional Council of Carpenters  
Mr. and Mrs. Peter H. Havens  
Peter R. & Cynthia K. Kellogg Foundation  
McLean Contributionship  
National Philanthropic Trust  
John R. and Lisa C. Peracchio  
U.S. Navy Cruiser Sailors Assn.

## ■ 10,000-24,999

BNY Mellon  
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Andrew and Margie Rooke



Rugby Street Foundation, Inc.  
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Withington Foundation, Inc.  
Ken and Teresa Wood

### ■ **1,000-4,999**

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Benjamin R. and Meta Neilson  
Nicole Offerman  
The Order of the Founders and Patriots of America  
Jim Paterno  
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The Rorer Foundation, Inc.  
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Paul Snitzer  
South Jersey Port Corporation  
Stockton Real Estate Advisors  
Switlik Foundation  
Tompkins Insurance Agencies Inc.  
Wiederseim Associates, Inc.  
George H. Wimberg Funeral Home

### ■ **Gifts in Kind**

Campo's Philly Cheesesteaks  
Ocean City Yacht Club  
Talula's Daily  
Thomas F. Margiotti  
Yards Brewing Company



## **PRESIDENT'S DINNER**

While the foundation of any museum includes the collections, exhibitions, and programming, the real heart and soul of ISM is our friends and supporters. They bring the passion that makes this place and everything we do come to life!

On October 17, at the Philadelphia Club, we held our first annual black-tie President's Dinner to thank you, our generous supporters and friends. There was no program or a specific "ask," but rather a night filled with appreciation, fine food, drink, and friendship.



## **COCKTAILS AND CRUSTACEANS**

The Independence Seaport Museum hosted our first-ever lobster boil event, Cocktails & Crustaceans, on May 16. The museum is grateful to all the sponsors and ticket buyers of this special event, all of whom made meaningful contributions to the museum, while also dining together on over 150 lobsters. Sponsors and supporters of this event helped ensure that the ships keep floating, the stories get told, and our region's history lives on!



## SEAPORT DAY OF GIVING

On June 18, the Independence Seaport Museum held our second annual Seaport Day of Giving. We invited supporters to give before the end of our fiscal year on June 30. This year, the museum received a challenge grant from an anonymous donor in the amount of \$25,000 in honor of his vessel *Silent Maid*.

Thanks to our donors, we were able to match a challenge grant, but also far surpassed that benchmark, raising instead over \$160,000! Gifts to this year's Seaport Day of Giving will support the museum and its mission to discover Philadelphia's river of history and world of connections. We would like to thank all of our generous donors who supported this initiative and made it a huge success.



# MEMBERSHIP

## ■ SUSTAINING

George J. Ahern  
Richard J. Bernal  
William B. Chandlee  
John J. and Karen Cunningham  
Harry E. and Louise L. Hill  
John T. Lehman and Christine Carlson  
James and Sharon Maida  
John R. and Lisa Peracchio  
Joanne and Wade Phillips

## ■ CONTRIBUTING

Scott and Sandra R. Adzick  
Steven and Anne Docimo  
Kyle Kane and Lauren Hughes  
David M. Kavanagh and Beth McCarron  
Jeffrey S. and Rosemary Moller  
Roger Moore, M.D. and Jonni Moore Ph.D.  
Nace and Regina Mullen  
Michelle and Keith Niedermeier  
Frank Niepold  
Robert M. and Susan Peck  
Timothy M. and Katherine Richards  
Robert Schneider and Roberta Benjamin  
Darrell A. and Ada S. Sykes  
Donna Vecere  
Elizabeth and Donald Weiner  
Mark Weiss

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Fox Rothschild LLP

## ■ ENSIGN'S CIRCLE

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Bank of America  
Blank Rome LLP  
KDI Office Technology  
Maritime Exchange for the Delaware River & Bay  
Pennsylvania Lumbermens Mutual Insurance Company



## MEMBER EVENTS



In the summer of 2023, we started a successful new event series for members: Happy Hour and Tours! Supported by Yards Brewing Company, members enjoy a happy hour aboard *Olympia* or in the museum, followed by special tours by our expert staff. Tours have included behind-the-scenes looks at *Olympia*, *Becuna*, *At the Water's Edge: Working and living along the Delaware River*, and *Patriots and Pirates*. Additionally, in December 2023, we celebrated our members with the first annual Member Appreciation Month. These events, along with our Early Morning Openings, member sails, and exhibition openings, provide important moments for the Independence Seaport Museum to engage with our dedicated supporters and offer members special opportunities to enjoy all we have to offer.







# FINANCE

What follows is the Independence Seaport Museum's audit for July 1, 2023 – June 30, 2024, prepared by WithumSmith+Brown, PC.

*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**  
**June 30, 2024 and 2023**  
**With Independent Auditor's Report**



**Independence Seaport Museum**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Port Wardens of  
Independence Seaport Museum:

### Opinion

We have audited the financial statements of the Independence Seaport Museum (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Independence Seaport Museum as of June 30, 2024, and the changes in its net assets and its 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 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.

### Other Matter

The financial statements of the Independence Seaport Museum as of and for the year ended June 30, 2023, were audited by BBD, LLP, who joined with WithumSmith+Brown, PC on April 1, 2024 and expressed an unmodified opinion on those statements dated December 14, 2023.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.

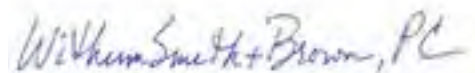
## Auditor's Responsibilities for the Audit of the Financial Statements

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 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 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 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.



December 17, 2024



**Independence Seaport Museum  
Statements of Financial Position  
June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash	\$ 378,069	\$ 120,624
Contributions and grants receivable	48,633	117,556
Accounts receivable	115,653	32,395
Prepaid expenses and other assets	250,412	94,783
Investments	16,753,344	17,076,062
Property and equipment, net	4,113,846	3,710,455
Cash surrender value of life insurance policy	<u>161,613</u>	<u>132,905</u>
 Total assets	 <u>\$ 21,821,570</u>	 <u>\$ 21,284,780</u>
 <b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 828,129	\$ 427,210
Deferred revenue	105,426	132,682
Line of credit	327,535	-
Note payable	<u>333,675</u>	<u>350,799</u>
Total liabilities	<u>1,594,765</u>	<u>910,691</u>
Net assets		
Without donor restrictions		
Undesignated	3,128,951	3,190,512
Board designated - endowment	<u>16,753,344</u>	<u>17,076,062</u>
	19,882,295	20,266,574
With donor restrictions	<u>344,510</u>	<u>107,515</u>
Total net assets	<u>20,226,805</u>	<u>20,374,089</u>
 Total liabilities and net assets	 <u>\$ 21,821,570</u>	 <u>\$ 21,284,780</u>

The Notes to Financial Statements are an integral part of these statements.

**Independence Seaport Museum**  
**Statement of Activities**  
**Year Ended June 30, 2024 with Summarized Comparative Totals for 2023**

	Without	With	Total	
	Donor	Donor	2024	2023
	<u>Restrictions</u>	<u>Restrictions</u>		
<b>Revenue, gains and support</b>				
Contributions and grants	\$ 1,136,925	\$ 954,475	\$ 2,091,400	\$ 824,005
Museum admissions	417,811	-	417,811	382,903
Memberships	55,530	-	55,530	34,812
Boatshop and docks	47,668	-	47,668	158,919
Educational programs	42,600	-	42,600	73,784
Facilities rental	389,180	-	389,180	313,428
Special events	78,335	-	78,335	33,580
Retail and auxiliary activities, net	318,066	-	318,066	375,929
Other income	68,499	-	68,499	48,790
Endowment spending policy distribution	2,777,085	-	2,777,085	2,687,368
Net assets released from restrictions	<u>717,480</u>	<u>(717,480)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and support	<u>6,049,179</u>	<u>236,995</u>	<u>6,286,174</u>	<u>4,933,518</u>
<b>Expenses</b>				
Program services	4,435,691	-	4,435,691	4,039,025
Supporting services				
Management and general	678,621	-	678,621	584,729
Fundraising	<u>514,211</u>	<u>-</u>	<u>514,211</u>	<u>410,403</u>
Total expenses	<u>5,628,523</u>	<u>-</u>	<u>5,628,523</u>	<u>5,034,157</u>
<b>Change in net assets before other changes</b>				
	420,656	236,995	657,651	(100,639)
<b>Other changes</b>				
Investment income, net	1,954,265	-	1,954,265	1,594,349
Endowment spending policy distribution	(2,777,085)	-	(2,777,085)	(2,687,368)
Change in cash surrender value of life				
Insurance policy	28,708	-	28,708	18,803
Interest expense	<u>(10,823)</u>	<u>-</u>	<u>(10,823)</u>	<u>(11,581)</u>
Total other changes	<u>(804,935)</u>	<u>-</u>	<u>(804,935)</u>	<u>(1,085,797)</u>
<b>Change in net assets</b>	(384,279)	236,995	(147,284)	(1,186,436)
<b>Net assets</b>				
Beginning of year	<u>20,266,574</u>	<u>107,515</u>	<u>20,374,089</u>	<u>21,560,525</u>
End of year	<u>\$ 19,882,295</u>	<u>\$ 344,510</u>	<u>\$ 20,226,805</u>	<u>\$ 20,374,089</u>

The Notes to Financial Statements are an integral part of these statements.

**Independence Seaport Museum  
Statement of Activities  
Year Ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, gains and support</b>			
Contributions and grants	\$ 519,557	\$ 304,448	\$ 824,005
Museum admissions	382,903	-	382,903
Memberships	34,812	-	34,812
Boatshop and docks	158,919	-	158,919
Educational programs	73,784	-	73,784
Facilities rental	313,428	-	313,428
Special events	33,580	-	33,580
Retail and auxiliary activities, net	375,929	-	375,929
Other income	48,790	-	48,790
Endowment spending policy distribution	2,687,368	-	2,687,368
Net assets released from restrictions	<u>283,753</u>	<u>(283,753)</u>	<u>-</u>
Total revenue, gains and support	<u>4,912,823</u>	<u>20,695</u>	<u>4,933,518</u>
<b>Expenses</b>			
Program services	4,039,025	-	4,039,025
Supporting services			
Management and general	584,729	-	584,729
Fundraising	<u>410,403</u>	<u>-</u>	<u>410,403</u>
Total expenses	<u>5,034,157</u>	<u>-</u>	<u>5,034,157</u>
<b>Change in net assets before other changes</b>	(121,334)	20,695	(100,639)
<b>Other changes</b>			
Investment income, net	1,594,349	-	1,594,349
Endowment spending policy distribution	(2,687,368)	-	(2,687,368)
Change in cash surrender value of life Insurance policy	18,803	-	18,803
Interest expense	<u>(11,581)</u>	<u>-</u>	<u>(11,581)</u>
Total other changes	<u>(1,085,797)</u>	<u>-</u>	<u>(1,085,797)</u>
<b>Change in net assets</b>	(1,207,131)	20,695	(1,186,436)
<b>Net assets</b>			
Beginning of year	<u>21,473,705</u>	<u>86,820</u>	<u>21,560,525</u>
End of year	<u>\$ 20,266,574</u>	<u>\$ 107,515</u>	<u>\$ 20,374,089</u>

The Notes to Financial Statements are an integral part of this statement.



**Independence Seaport Museum  
Statements of Functional Expenses  
Years Ended June 30, 2024 and 2023**

	2024				2023			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 2,226,476	\$ 571,400	\$ 439,274	\$ 3,237,150	\$ 1,971,501	\$ 468,627	\$ 346,257	\$ 2,786,385
Advertising and promotion	106,059	12,003	42,385	160,447	109,031	10,160	29,140	148,331
Depreciation	555,646	6,066	-	561,712	543,602	5,486	-	549,088
Exhibit maintenance	66,479	-	-	66,479	51,160	-	-	51,160
Insurance	264,294	6,577	2,722	273,593	197,824	10,366	2,158	210,348
Occupancy	544,020	31,613	8	575,641	457,750	41,709	-	499,459
Professional services	457,093	17,286	2,533	476,912	441,548	35,311	4,924	481,783
Program supplies and materials	75,854	-	-	75,854	144,653	-	-	144,653
Miscellaneous	139,770	33,676	27,289	200,735	121,956	13,070	27,924	162,950
Total expenses included in the expense section on the statement of activities	<u>4,435,691</u>	<u>678,621</u>	<u>514,211</u>	<u>5,628,523</u>	<u>4,039,025</u>	<u>584,729</u>	<u>410,403</u>	<u>5,034,157</u>
Cost of goods sold	-	43,910	-	43,910	47,820	-	-	47,820
Interest expense	-	10,823	-	10,823	-	11,581	-	11,581
Total expenses	<u>\$ 4,435,691</u>	<u>\$ 733,354</u>	<u>\$ 514,211</u>	<u>\$ 5,683,256</u>	<u>\$ 4,086,845</u>	<u>\$ 596,310</u>	<u>\$ 410,403</u>	<u>\$ 5,093,558</u>

The Notes to Financial Statements are an integral part of these statements.

**Independence Seaport Museum**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Operating activities</b>		
Change in net assets	\$ (147,284)	\$ (1,186,436)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Realized and unrealized gain on investments	(1,485,534)	(1,040,665)
Depreciation	561,712	549,088
Change in cash surrender value of life insurance policy	(28,708)	(18,803)
Change in operating assets and liabilities		
Contributions and grants receivable	68,923	26,313
Accounts receivable	(83,258)	26,219
Prepaid expenses and other assets	(155,629)	2,720
Accounts payable and accrued expenses	479,610	16,665
Deferred revenue	(27,256)	(24,044)
Deferred rent obligation	<u>-</u>	<u>(115,295)</u>
Net cash used in operating activities	<u>(817,424)</u>	<u>(1,764,238)</u>
<b>Investing activities</b>		
Purchase of investments	(1,063,061)	(1,772,540)
Proceeds from sale of investments	2,871,313	3,906,224
Purchase of property and equipment	<u>(1,043,794)</u>	<u>(257,910)</u>
Net cash provided by investing activities	<u>764,458</u>	<u>1,875,774</u>
<b>Financing activities</b>		
Net proceeds from line of credit	327,535	-
Repayment of note payable	<u>(17,124)</u>	<u>(21,623)</u>
Net cash provided by (used in) financing activities	<u>310,411</u>	<u>(21,623)</u>
Net change in cash	257,445	89,913
<b>Cash</b>		
Beginning of year	<u>120,624</u>	<u>30,711</u>
End of year	<u>\$ 378,069</u>	<u>\$ 120,624</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ 10,823</u>	<u>\$ 11,581</u>
Purchase of property and equipment included in accounts payable	<u>\$ -</u>	<u>\$ 78,691</u>

The Notes to Financial Statements are an integral part of these statements.

# **Independence Seaport Museum**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

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#### **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 in accordance with accounting principles generally accepted in the United States of America ("GAAP"). 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. These net assets may be used at the discretion of the Museum's management and Board. Board designated net assets are included as net assets without donor restrictions.



# **Independence Seaport Museum**

## **Notes to Financial Statements**

### **June 30, 2024 and 2023**

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#### **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 statements of activities as net assets released from restrictions.

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, 2024 and 2023.

#### **Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. The Museum includes in its measure of operations all revenues and expenses that are integral to its program services and supporting services. The measure of operations excludes non-operating activities, which are limited to returns from investments, endowment spending policy distribution, change in cash surrender value of life insurance policy, interest expense and other activities considered to be of a non-operating nature.

#### **Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the disclosure of contingent assets and liabilities, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates. Significant estimates include the net realizable value of contributions and accounts receivable, the fair value of investments, the fair value of cash surrender value of life insurance policy, depreciable lives of property and equipment and the allocation of functional expenses.

#### **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* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Museum has the ability to access.

*Level 2* - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, Inputs other than quoted prices that are observable for the asset or liability and Inputs that are derived principally from observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. The Museum had no assets or liabilities valued using Level 2 inputs as of June 30, 2024 and 2023.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Museum had no assets or liabilities valued using Level 3 inputs as of June 30, 2024 and 2023.

## **Independence Seaport Museum Notes to Financial Statements June 30, 2024 and 2023**

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The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

*Mutual Funds:* Valued at quoted prices for identical assets or liabilities in active markets that the Museum has the ability to access. These are classified as Level 1.

*Limited Partnership:* Valued at net asset value which is based on its ownership interest in the fund (Note 3). This is excluded from the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Museum believes its valuation methods are appropriate and consistent, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### **Contributions and Grants Receivable**

The Museum records unconditional contributions and grants receivable that are expected to be collected within one year at net realizable value. Contributions and grants receivable with expected collection past one year are recorded at net present value using risk-free rates applicable to the years in which the promises are received. The Museum monitors the collectability of these receivables and an allowance for uncollectable promises to give is recorded based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The Museum has determined that no allowance for uncollectible accounts was necessary at June 30, 2024 and 2023. Contributions and grants receivable are due within one year.

### **Accounts Receivable**

Accounts receivable represent unsecured noninterest bearing obligations and are carried at original invoice amounts less an estimate made for credit losses based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for credit losses by identifying troubled accounts and performing a historical and future looking analysis. Receivables are written off when deemed uncollectible. Any uncollectible amounts would not be material to the financial statements. Accounts receivable totaled \$32,395 and \$58,614 as of July 1, 2023 and 2022, respectively.

### **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 statements of activities. The fair value of the limited partnership has been estimated using the net asset value per share. Investment income is recorded as earned.

The Museum invests in a professionally-managed portfolio that contains various types of investments (Note 3). Such investments are exposed to market and credit risks. 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.

### **Property and Equipment, Net**

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 method over the estimated useful lives of the respective assets as follows:

**Independence Seaport Museum**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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<u>Description</u>	<u>Estimated Life (Years)</u>
Building improvements	10-25
Computers and equipment	5-15
Furniture and fixtures	5-10
Vehicles	25
Exhibits	5-10

**Impairment of Long-Lived Assets**

The Museum reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended June 30, 2024 and 2023, there was no impairment losses recognized for long-lived assets.

**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 statements 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 statements 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 (including special events) received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or 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.



## **Independence Seaport Museum Notes to Financial Statements June 30, 2024 and 2023**

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Unconditional contributions and grants are recognized when the related promise to give is received. Conditional contributions and grants, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met.

Special event revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference. The contribution portion is recognized as revenue when received if unconditional.

### **Revenue From Contracts with Customers**

The Museum accounts for revenue from contracts with customers as exchange transactions in the statements of activities as revenue without donor restrictions.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Museum performs the following steps in accordance with Topic 606: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Museum's satisfies each performance obligation.

Museum admissions are based on published fixed rates and are collected and recognized as revenue at the point in time of purchase.

Facilities rental fees are based on published fixed rates and collected either at the time of the event, in advance of the event resulting in a deferred revenue balance or at the time the event takes place and immediately recognized as revenue. Facilities rental fees are recognized at the point in time the event is held.

Retail and auxiliary activities are based on published fixed rates and are collected and recognized as revenue at the point in time of purchase.

Boatshop and docks revenue and educational programs revenue are based on published fixed rates and collected either at the time of registration, in advance of the program resulting in a deferred revenue balance or at the time the program takes place and immediately recognized as revenue. Boatshop and docks revenue and educational programs revenue are recognized at the point in time the program is held.

Deferred revenue at June 30, 2024 is expected to be recognized as revenue during the year ended June 30, 2025. Deferred revenue at June 30, 2023 was recognized as revenue during the year ended June 30, 2024. Deferred revenue of \$156,726 at June 30, 2022 was recognized as revenue during the year ended June 30, 2023.

### **Functional Allocation of Expenses**

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and detailed within the statements of 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, professional services and insurance which are allocated based on estimates of time and effort and depreciation which is allocated based on estimates of square footage.

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**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 requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. 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 \$160,447 and 148,331 for the years ended June 30, 2024 and 2023, respectively.

**Concentration of Credit Risk**

The Museum has significant cash and money market fund balances at financial institutions which throughout the year regularly exceed the amounts insured by either the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation for up to \$250,000. Any loss incurred or lack of access to such funds could have a significant adverse impact on Museum's financial condition, change in net assets, and cash flows.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Adoption of New Accounting Pronouncement**

In June 2016, the Financial Accounting Standards Board issued an Accounting Standards Update ("ASU") amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure, and other financial instruments recorded at amortized cost. The Museum adopted the new standard effective July 1, 2023, using the modified retrospective approach. The implementation of this ASU had no material impact on the financial statements.

**3. INVESTMENTS**

Investments consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Level 1 valuation inputs		
Money market funds	\$ 99,005	\$ 78,225
Mutual funds		
Equity	7,123,192	7,567,649
Fixed income	<u>4,557,934</u>	<u>4,945,541</u>
Total level 1 valuation inputs	11,780,131	12,591,415
Limited partnership	<u>4,973,213</u>	<u>4,484,647</u>
Total investments	<u>\$ 16,753,344</u>	<u>\$ 17,076,062</u>

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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, 2024 or 2023 on this fund. Redemptions may be made quarterly.

Investment income, net was comprised of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 562,959	\$ 648,109
Realized and unrealized gains	1,485,534	1,040,665
Investment management fees	(94,228)	(94,425)
	<u>\$ 1,954,265</u>	<u>\$ 1,594,349</u>

**4. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building improvements	\$ 18,075,676	\$ 17,267,980
Computers and equipment	1,172,190	1,176,896
Furniture and fixtures	560,738	560,738
Vehicles	49,560	49,560
Exhibits	7,227,781	7,065,668
	<u>27,085,945</u>	<u>26,120,842</u>
Less: Accumulated depreciation	(22,972,099)	(22,410,387)
	<u>\$ 4,113,846</u>	<u>\$ 3,710,455</u>

**5. NOTE PAYABLE**

The Museum has a note payable to the City of Philadelphia, collateralized by the Museum's building 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:

2025	\$ 19,281
2026	19,868
2027	20,472
2028	21,094
2029	21,736
Thereafter	<u>231,224</u>
	<u>\$ 333,675</u>



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**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. The balance on the line of credit was \$327,535 at June 30, 2024. 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 for the years ended June 30, 2024 and 2023:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Investment Income</u>	<u>Releases</u>	<u>Balance June 30, 2024</u>
General fund	\$ 14,173,000	\$ 500,102	\$ 1,543,293	\$ (2,627,456)	\$ 13,588,939
Boatshop fund	<u>2,903,062</u>	<u>-</u>	<u>410,972</u>	<u>(149,629)</u>	<u>3,164,405</u>
	<u>\$ 17,076,062</u>	<u>\$ 500,102</u>	<u>\$ 1,954,265</u>	<u>\$ (2,777,085)</u>	<u>\$ 16,753,344</u>
	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Investment Income</u>	<u>Releases</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>

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 years ended June 30, 2024 and 2023:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance June 30, 2024</u>
Net assets spendable for specific purposes or periods				
Education	\$ 14,059	\$ 130,000	\$ (55,479)	\$ 88,580
Exhibits	500	27,000	(12,547)	14,953
Other	<u>92,956</u>	<u>797,475</u>	<u>(649,454)</u>	<u>240,977</u>
	<u>\$ 107,515</u>	<u>\$ 954,475</u>	<u>\$ (717,480)</u>	<u>\$ 344,510</u>

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	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>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 an established board-designated endowment fund and 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 current spending policy is established annually by the Board which calculates the amount of money annually distributed from the endowment funds without donor restriction to support various programs. Endowment assets are held as investments in the statement of financial position.

Changes in the endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	<u>Without</u> <u>Donor</u> <u>Restrictions</u>
Endowment net assets, July 1, 2022	\$ 18,169,081
Investment income	1,594,349
Spending policy distribution	<u>(2,687,368)</u>
Endowment net assets, June 30, 2023	<u>\$ 17,076,062</u>
Endowment net assets, July 1, 2023	\$ 17,076,062
Additions	500,102
Investment income	1,954,265
Spending policy distribution	<u>(2,777,085)</u>
Endowment net assets, June 30, 2024	<u>\$ 16,753,344</u>

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**10. RETIREMENT PLAN**

The Museum has a defined contribution retirement plan for eligible employees. The Museum matches the employee's contribution up to 5.5% of salary. The Museum's contributions to the plan were \$113,306 and \$77,591 for the years ended June 30, 2024 and 2023, respectively.

**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 landlord directed construction activities which commenced in 2023, the Museum has entered into an agreement which provides for a rent relief period where the Museum is fully relieved of its obligation to rent until the construction activities conclude which management estimates will continue through the current lease term of December 2026. Provided there are no events of default, the lease allows for renewals every five years after the initial term, but in no event, shall any additional terms extend beyond April 30, 2075. The Museum is not reasonably certain that it will exercise an extension.

No rent expenses was incurred related to this lease for the year ended June 30, 2024. 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 statements of financial position date, which are available for general expenditures within one year of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 378,069	\$ 120,624
Contributions and grants receivable	48,633	117,556
Accounts receivable	115,653	32,395
Investments	<u>16,753,344</u>	<u>17,076,062</u>
Total financial assets	17,295,699	17,346,637
Less: Financial assets not available for general operations within one year		
Restricted by donor for specific purposes or periods	(344,510)	(107,515)
Board designated funds	(16,753,344)	(17,076,062)
Add: Estimated subsequent year endowment spending policy distribution available for general operations	<u>2,000,000</u>	<u>1,735,000</u>
Total financial assets available within one year to meet general expenditures	<u>\$ 2,197,845</u>	<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 (see Note 6). Board designated funds can be made available for use at the discretion of the Board as needed.



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**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 17, 2024, the date on which the financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure in the financial statements.

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