

# Annual Report

Fiscal Year 2004 – 05

## **A Message from the Chairman of the Board of Trustees**

Dear Fellow Mystic Seaport Members,

Mystic Seaport interprets and illuminates maritime history, culture, science, economics and technology, helping us understand vital issues facing our nation and our world. Each of us joining together to make financial contributions to this unique Museum helps assure the continuity and growth of a truly world-class institution.

Together we can look back on this past year with a sense of accomplishment. With your help, the Museum raised nearly \$1.4 million for the 2004-2005 Annual Fund, an impressive 22 percent increase over the previous year, and a record in both participation and dollars raised. Raised funds of all varieties achieved near record levels.

Mystic Seaport is a very special integration of irreplaceable American treasures — physical, human and spiritual — comprising several distinguished centers of excellence. Any one of them alone would justify our support, but their combined extent is extraordinary.

### **This Season at Mystic Seaport**

The new “Black Hands, Blue Seas” exhibit is an inspiring and unique compilation of film and rare artifacts celebrating the remarkable spirit, character and pioneering achievements of African-American mariners throughout American history.

A sampling from Mystic Seaport’s renowned photographic collection — another center of excellence which includes more than one million Rosenfeld images managed by an able curatorial staff — is featured in a stunning exhibit of selected Rosenfeld photographs entitled “The Art of the Boat.” Those who have seen it are moved by the power, drama and beauty of wind, sail and sea so brilliantly captured in this exhibit of luminous platinum palladium prints.

If you have not yet experienced “Black Hands, Blue Seas” and “The Art of the Boat,” then I urge you to make a visit to the Museum in the coming year to see both exhibits, and encourage your friends to do the same.

### **The Future**

Staff, Trustees and the National Council of Advisors are working diligently on plans for new ways to enrich the future visitor experience. The sea is a perpetual frontier, and in many ways mankind’s relationship with the sea is timeless. But as younger generations embrace new technologies and new ways of learning, the Museum must take these changes into account when planning for the future, deciding which programs should be preserved from the past and what new approaches and spaces should be tested and employed to best fulfill our mission in the future.

While the planning process is ongoing, we have reached consensus on major priorities, including the need to test compelling, frequently changed exhibits and the desirability of state-of-the-art exhibition spaces on the north portion of the campus to serve audiences year-round. As we continue this planning and testing phase, please know your suggestions and ideas are most welcome and encouraged.

Thank you again for your continuing support of this wonderful institution. I hope to see you at Mystic Seaport this year.

William D. Forster

## President's Report, May 2004 – April 2005

Mystic Seaport's founders envisioned an institution that would be "educational in its purpose", "national in its scope" and an "inspiring force for the future".

Coming out of its 75th year, the Museum's leading accomplishments are remarkably true to those noble precepts. A sampling is summarized in the report below. Great thanks are owed to each and every one of the people whose support is acknowledged in this report, and whose generosity enables Mystic Seaport to continue the pursuit of its mission, "To create a broad, public understanding of the relationship of America and the Sea."

### New Exhibits, New Audiences

In keeping with our promise to present new exhibits every year, "Women and the Sea" highlighted maritime contributions of the nation's seafaring women past and present. It opened in the summer of '04 in the Schaefer Exhibit Hall, along with "Maritime Miniatures," an exhibit of selected miniature ship models. In the shipyard, a companion exhibit to the restoration of the fishing vessel *Roann* adds perspective to that stewardship project. Meanwhile, the "Sea Dogs" exhibit drew good reviews at Heritage Museums and Gardens on Cape Cod, and "The *Amistad* Story" continues to tour Connecticut. Schooner *Amistad*, dock-side most of the winter, was included in the Museum's winter guided tours and several hundred school children toured her. Two new exhibits debuted for the '05 season, including "How Boats Float" and "The Art of the Boat," a stunning exhibition of digitally re-mastered platinum prints from images in the Rosenfeld Collection. "Black Hands, Blue Seas," a long-planned exhibit on African-American mariners, was in preparation for a scheduled opening in November.



*A generous pledge from Board Chairman Bill Forster provided support for the Museum's new exhibit The Art of the Boat: Photographs from the Rosenfeld Collection. An elegant black-tie reception celebrated the show in July.*



*Black Hands, Blue Seas, an exhaustively researched, content-rich exhibit about African-American mariners, fully funded by outside sources, opened in November.*

### Educational Programs

Human Tide III, a five-day, hands-on educators' institute exploring classroom use of primary sources, enjoyed great success in the summer of 2004. A second teachers' institute is in development with a focus on the African-American maritime experience in conjunction with the "Black Hands, Blue Seas" exhibit due to open in fall of 2005.

*Nautical Nightmares*, the Museum's newly-expanded annual Halloween season event, was an enormously successful production last October. The hour-long dramatic experience, modeled on the suc-



*The restoration of Eastern-rig dragger Roann is well underway, though the need for support to complete the project remains urgent.*



*Thanks to the generosity of Peter Kellogg, owner of the replica sandbaggers Bull and Bear, a crew of four was sent to Toms River, N. J. to train in sandbagger sailing to prepare for sailing Annie.*

cess of *Lantern Light Tours*, explores the mystery of historic ghost tales, legends and unsolved mysteries of days gone by. *Lantern Light Tours* completed a successful run in December, with several added performances to meet the growing demand of this perennially popular holiday season program.

Mystic Seaport has embarked on a partnership with the bark *Picton Castle* as it sets sail on a yearlong voyage around the world. In addition to providing opportunities for cultural exploration, *Picton Castle* will visit many ports that the *Charles W. Morgan* once visited during her 80-year whaling history. An on-board educator will make connections for the Museum both through classroom programs and web-based journal entries from the voyage.

The State of Connecticut Board of Governors of Higher Education evaluated Williams-Mystic, the Williams College/Mystic Seaport program in maritime studies, and the program has been issued a re-licensure through February 28, 2010. We continue the \$6 million Campaign for Williams-Mystic in support of the new science center, housing renovations, faculty-staff facilities upgrade and endowment.

### **Watercraft Preservation and Shipyard**

Planning for the installation of our new Syncrolift lift dock continues. Project advancement came in part through a key state permit obtained for the lift dock construction, as well as through the new Rell administration for the third of the four million dollars allocated by the state for the Museum's Shipyard projects.

Restoration on Mystic Seaport's doughty little Eastern-rigged dragger *Roann* began in December 2004 and is scheduled to take 24-36 months, partially funded by a Connecticut state grant. The keel bolts have been replaced, the re-framing is partially completed and the new shaft log is now installed, while work on stern post, deadwood, forward section of keel and stern knee continues. The need for funds to complete this project remains urgent.

Westlawn School of Yacht Design has become affiliated with the American Boat and Yacht Council and they, along with the Landing School, have developed the North American Small Boat Designers Hall of Fame. I am pleased to announce that Mystic Seaport is the home of this new Hall of Fame. The first two designers inducted were Olin Stephens and Phil Rhodes. This will bring added fame to our yachting and boating collections, including the Ships Plans Library.

Our sloop sandbagger *Annie* has been restored to yacht standards. The funds needed to rig and sail *Annie* “famously” are in hand, and *Annie* has returned to life as a sailing vessel. Thanks to the generosity of Peter Kellogg, owner of the replica sandbaggers *Bull and Bear*, a Museum crew of four was sent to Toms River, N. J. to train in sandbagger sailing to prepare for sailing *Annie*.

**Collections and Research**

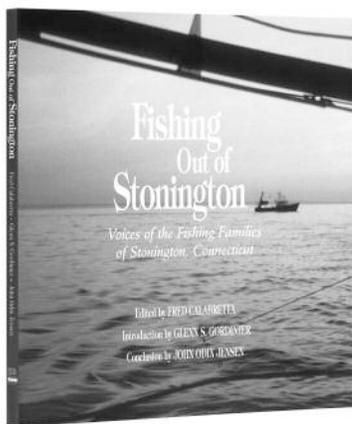
An acquisition highlight of the year included an oil portrait of Charles W. Morgan himself! The image of our famous whaleship’s namesake came to us through descendants of the Morgan family living in France. We also received a very fine George Lowery model of the schooner *Amistad*, generously donated by Peter Stanford in honor of Mr. Warren Marr.



*A portrait of Charles W. Morgan came to the Museum through descendants of the Morgan family living in France.*

The Library received a generous donation from Trustee emeritus Bill White to help with the conversion of the oral history collection to digital format for preservation and access to the collection. The Library also received \$100,000 from the Institute for Museum and Library Services to work on digital access projects for crew lists of New England ships, 1789-1815.

The Cruising Club of America (CCA) archives became part of the Library’s collections, supported by CCA funding to organize and make the collection available for research. It is already in active use by author John Rousmaniere and other researchers. In addition, the Olin Stephens—Cruising Club of America Room was dedicated in May 2004.



*Fishing Out of Stonington was one among many of the fascinating titles published by the Museum’s Publications Department this year.*

Nearly a dozen new Museum titles have come into print this year, with several dozen more in process. Among the notable titles this year are *Fishing Out of Stonington: Voices of the Fishing Families of Stonington, Connecticut* with text by Fred Calabretta, Glenn Gordinier and John Jensen, the acclaimed *Sailing at Fishers: A History of the Fishers Island Yacht Club* by John Rousmaniere and Waldo Howland’s *Integrity: A Life in Boats (Vol. 3)*.

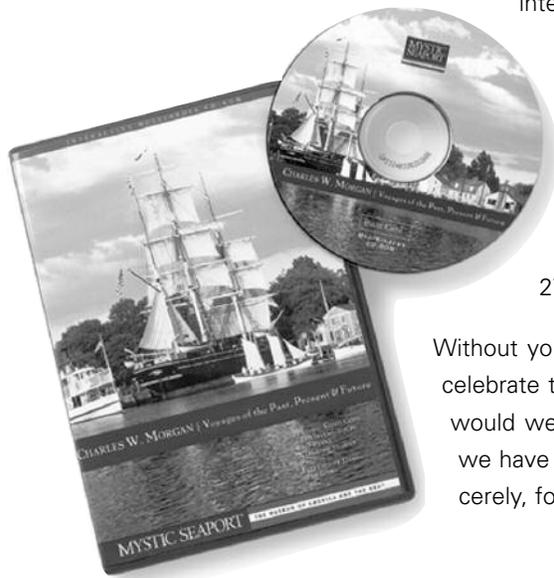
### Welcoming our Visitors

Free launch service, carrying visitors between the North and South gate areas began in mid August 2004. The 22-passenger launch *Necessity*, donated by Larchmont Yacht Club, was very popular with visitors. She carried 10,160 passengers in her first seven weeks! A second launch, the ex-Navy launch *Liberty*, was acquired for the summer 2005 season. *Liberty* is a 40' vessel certified for 49 passengers. With both launches operating, more than 1,600 people per day are able to enjoy the sights and sounds of Mystic Seaport from a true "maritime" perspective.

The Visitor Services Department was formed in April 2004 and efforts were concentrated on aggressive recruitment and training of high-caliber staff, centering on customer service, Museum knowledge and visitor feedback. The new focus on the visitor has already resulted in higher percentages of paying visitors and membership enrollments.

### Museum Store

In an integrated collaboration with nearly every department, our Museum Store brought to market Mystic Seaport's first interactive CD-ROM, "*Charles W. Morgan Voyages Past, Present & Future.*" The *Charles W. Morgan Buzz Card*, as it is known, provides a comprehensive look at whaling through the *Charles W. Morgan* and its remarkable place in American history. The CD-ROM features a 3-D panoramic virtual tour of the ship, more than 20 narrated presentations with both historic and modern photos and video clips, web links to the Mystic Seaport site and links to related sites, interactive games, blueprints, and more.



Space limitations preclude me from going on, so in closing I am proud to note that the Annual Fund boasted its most successful year yet, with 100 percent participation by Trustees and emeriti, joined by 58 new members of the America and the Sea Society. Over the past three years, the number of donors has risen 27 percent and the Annual Fund total is up 75 percent.

Without your great care and generosity, we would not be able to celebrate these and many other significant accomplishments, nor would we have the confidence to pursue the ambitious dreams we have for the Museum's next 75 years. Thank you, most sincerely, for your continued support of Mystic Seaport.

*The Charles W. Morgan Buzz Card, an integrated research effort among many departments at Mystic Seaport, provides a wealth of information on whaling, the Charles W. Morgan and its remarkable place in American history.*

Douglas H. Teeson

## Mystic Seaport Treasurer's Report – Fiscal Year 2004 – 05

The 2004-05 fiscal year ended on April 29. The negative attendance trends we have seen in the last few years continued last year. Despite strong efforts to market more widely, and noteworthy improvements in the visitor experience, the Museum's gate revenues fell by approximately three percent when compared to the prior year, which led to a corresponding decline in store revenues, which are highly gate dependent.

The Museum was successful in continuing to attract and build important constituencies of supporters. The annual fund rose more than 20 percent and total gifts, grants and bequests reached about \$7.7 million, and the membership of the Museum remains strong. Operating revenues, excluding investment gains, gifts, grants and bequests fell about three percent, consistent with the attendance revenue decline.

It is gratifying to note that operating expenses for the year were \$23,319,000 versus \$23,092,000 in the previous year, an increase of only one percent. Doug Teeson and the Museum staff are working tirelessly to deliver an unparalleled museum experience more efficiently. The net result was a total surplus for the year of \$542,000. It is important to note, however, that excluding investment gains and other gifts and grants, our operations ran at a deficit, the pattern for the last few years.

The net assets of the Museum grew from \$86,030,000 to \$87,603,000, thanks to the generosity of our many supporters. The Museum ended the fiscal year with an endowment balance of about \$45 million.

Please remember that these comments relate to the fiscal year ended April '05. To bring you up to date, the current fiscal year has brought little relief from the difficult attendance trends we have seen now for several years. Increasing competition for our audience's attention and entertainment options has had a deleterious impact on all outdoor museums. Our results are actually stronger than at many other museums.

In light of the negative trends, we are currently focused on improving the efficiency of the organization in the short term to eliminate deficits and prepare for the implementation of a long-term strategic plan to transform the Museum into an all-weather, refreshed institution.

Doug and his team have recently achieved the first major milestones in this undertaking, having secured desired zoning changes for the Museum of the future. We have also launched a comprehensive campaign to fund our efforts and are building our development department to accomplish these ambitious goals. We are confident this will allow us to attract and inspire new audiences in the future.

Robert Rohn

## Statement of Financial Position (in 000s)

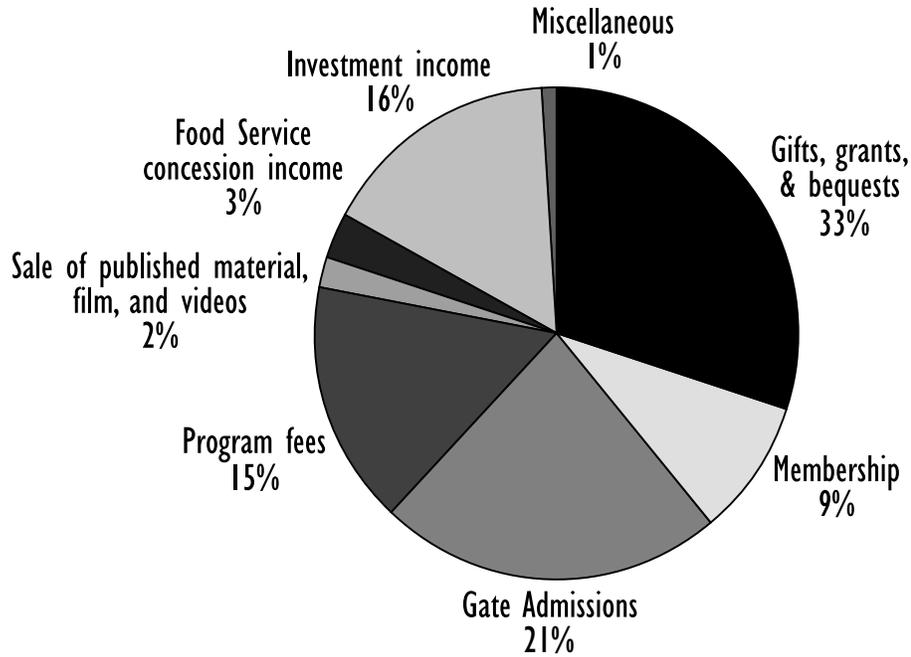
The consolidated financial statements presented below have been derived from the Museum's audited financial statements, copies of which are available upon request.

	April 29 2005	April 30 2004
<b>ASSETS</b>		
Current assets:		
Cash	\$ 229	1,229
Accounts, grants and interest receivable	500	307
Promises to give, current	3,111	1,942
Merchandise and other inventories	3,093	2,961
Prepaid expenses	<u>520</u>	<u>434</u>
Total current assets	7,453	6,873
Promises to give, noncurrent	7,965	7,446
Investments	48,015	46,361
Perpetual trust held by others	1,874	1,692
Other inventories	583	810
Goodwill	—	42
Property, plant and equipment, net of accumulated depreciation	<u>21,713</u>	<u>22,806</u>
Total assets	<u>\$ 87,603</u>	<u>86,030</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Note payable	\$ 5,643	4,555
Accounts payable and accrued expenses	1,407	1,486
Deferred revenue	270	261
Other current liabilities	<u>87</u>	<u>53</u>
Total current liabilities	7,407	6,355
Deferred revenue	641	648
Other liabilities	<u>140</u>	<u>154</u>
Total liabilities	<u>8,188</u>	<u>7,157</u>
<b>NET ASSETS</b>		
Unrestricted:		
Board designated	20,858	21,807
Net equity in fixed assets	<u>19,543</u>	<u>20,635</u>
	40,401	42,442
Temporarily restricted	9,442	7,691
Permanently restricted	<u>29,572</u>	<u>28,740</u>
Total net assets	<u>79,415</u>	<u>78,873</u>
Total liabilities and net assets	<u>\$87,603</u>	<u>86,030</u>

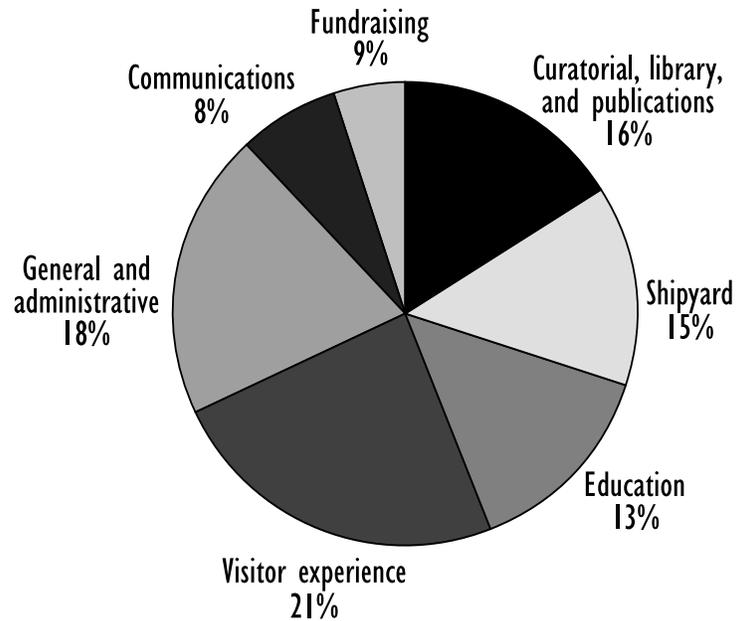
## Statement of Activities (in 000s)

	Unrestricted			Unrestricted Total	Temporarily Restricted	Permanently Restricted	2005 Total	2004 Total
	Operating	Board Designated	Plant					
<b>Revenue from operations:</b>								
Gifts, grants and bequests	\$ 2,347	115	234	2,696	4,356	647	7,699	11,771
Membership	1,245	—	—	1,245	—	—	1,245	1,243
Gate Admissions	3,032	—	—	3,032	—	—	3,032	3,133
Program Fees	2,154	—	—	2,154	18	—	2,172	2,174
Sales of published material, film and videos	308	—	—	308	3	—	311	301
Food services rental income	450	—	—	450	—	—	450	450
Museum Store operations	5,370	—	—	5,370	—	—	5,370	5,676
Other rental income and fees	97	—	—	97	—	—	97	94
Investment income	941	161	—	1,102	83	10	1,195	1,128
Change in split interest agreements	—	(2)	—	(2)	84	47	129	162
Net realized and unrealized gains (losses) on investments	1,291	843	—	2,134	(3)	9	2,140	7,667
Miscellaneous	75	(17)	(45)	13	1	7	21	53
Net assets released from restriction	2,451	10	594	3,055	(3,055)	—	—	—
<b>Total revenues from operations</b>	<u>19,761</u>	<u>1,110</u>	<u>783</u>	<u>21,654</u>	<u>1,487</u>	<u>720</u>	<u>23,861</u>	<u>33,852</u>
<b>Operating Expenses:</b>								
Program Expenses:								
Curatorial, library and publications	2,487	7	936	3,430	—	—	3,430	3,340
Shipyards	2,258	—	178	2,436	—	—	2,436	2,192
Education	2,018	57	67	2,142	—	—	2,142	2,055
Visitor experience	2,958	—	359	3,317	—	—	3,317	3,655
Museum Store operations	5,700	—	144	5,844	—	—	5,844	5,870
Support Expenses:								
General and administrative	2,199	168	498	2,865	—	—	2,865	3,166
Finance	543	—	12	555	—	—	555	522
Communications	1,249	—	5	1,254	—	—	1,254	960
Fundraising	1,410	—	66	1,476	—	—	1,476	1,332
<b>Total operating expenses</b>	<u>20,822</u>	<u>232</u>	<u>2,265</u>	<u>23,319</u>	<u>—</u>	<u>—</u>	<u>23,319</u>	<u>23,092</u>
(Deficiency) excess from operations before other transfers	(1,061)	878	(1,482)	(1,665)	1,487	720	542	10,760
Transfer for purchase of fixed assets	(390)	—	390	—	—	—	—	—
Clarification of donor intent	—	(376)	—	(376)	264	112	—	—
Transfer of loss to board designated	1,451	(1,451)	—	—	—	—	—	—
<b>Changes in net assets</b>	<u>—</u>	<u>(949)</u>	<u>(1,092)</u>	<u>(2,041)</u>	<u>1,751</u>	<u>832</u>	<u>542</u>	<u>10,760</u>
Net assets, beginning of year	—	21,807	20,635	42,442	7,691	28,740	78,873	68,113
Net assets, end of year	\$ <u>—</u>	<u>20,858</u>	<u>19,543</u>	<u>40,401</u>	<u>9,442</u>	<u>29,572</u>	<u>79,415</u>	<u>78,873</u>

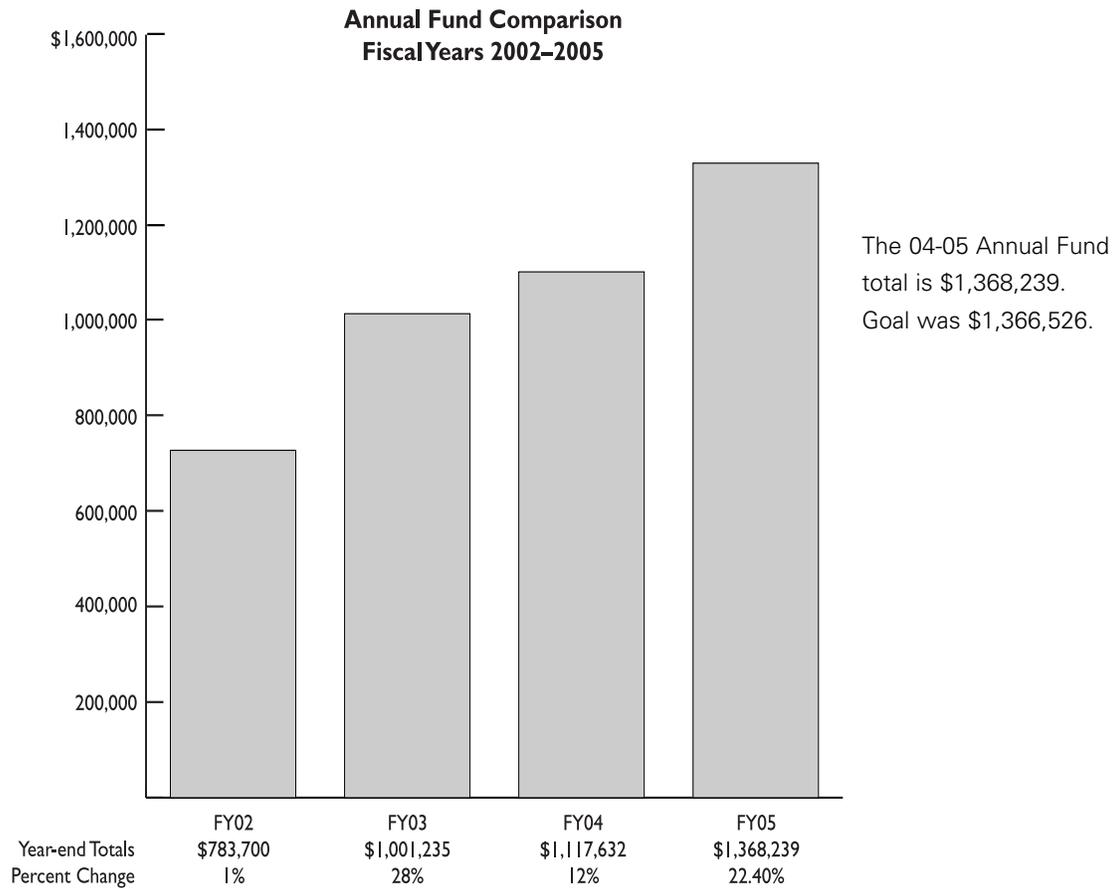
## Museum Operating Income



## Museum Operating Expense



## Annual Fund Report 05/05/04 – 04/29/05



### 2004-2005 Annual Fund Highlights

- Most successful Annual Fund drive in the Museum’s history
- Total number of donors increased by 11%.

### America and the Sea Society

- 58 new members of the America and the Sea Society
- Gifts from members of the America and the Sea Society increased 20% and represented 81% of total giving
- A select group of generous American and the Sea Society donors made gifts to the Annual Fund of \$25,000 and above in 2004-2005. The generosity of this group has inspired the Museum to create the Flagship Society as a new giving circle for the Annual Fund, established for the 2004-2005 Annual Fund.