



2009-2010 ANNUAL REPORT

MYSTIC
SEAPORT®

The Mystic Seaport Annual Report is a publication of
Mystic Seaport – *The Museum of America and the Sea.*

MYSTIC SEAPORT

THE MUSEUM OF AMERICA AND THE SEA

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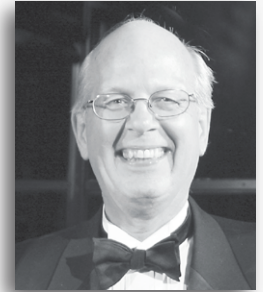


The CHARLES W. MORGAN is the last surviving wooden whale-ship in the world. A National Historic Landmark, she is truly an icon of maritime history. Mystic Seaport is currently restoring the vessel, which was built in 1841, in its Henry B. duPont Preservation Shipyard. The project is expected to last three years.

A MESSAGE FROM *Richard R. Vietor, Chairman of the Board of Trustees*

Dear Fellow Mystic Seaport Members and Friends,

It has been a memorable year for Mystic Seaport. During one of the wettest summers on record, Mystic Seaport gave visitors three good reasons to explore our indoor exhibitions. *Restoring an Icon: The Whaleship Charles W. Morgan* opened in June, highlighting the vessel's past, her current restoration progress and future sailing plans. As the summer waned, *Skills of the Sailor* brought the outside experience indoors for the fall, allowing visitors to try their hands at different traditional skills and arts. Finally, *Building America's Canals* showed visitors how canals all over the country made it possible to carry goods by water and bring raw materials to far-flung coastal ports. These three exhibits rightly demonstrated how the breadth of our collection enables us to create enduring connections to the American maritime experience. It is certainly a mission worth supporting.



YOUR CRITICAL ROLE IN SUPPORTING MYSTIC SEAPORT

Your generous philanthropic support is more important than ever, as it allows us to sustain and expand our educational programs, put on great exhibits, invest in the Shipyard and take care of our collections and ships. About 40% of our revenue comes from your contributions and other financial resources. This past year alone, thanks to your help, the Museum raised \$1.1 million in unrestricted Annual Fund support. However, our needs often outpace this wonderful generosity and this year promises to be especially difficult. It is not only important for you to renew and/or upgrade your membership, but to consider making a gift to our important Annual Fund during these challenging financial times.

THE CHARLES W. MORGAN

With the *Charles W. Morgan's* restoration now in full swing, attention is now being focused on her 38th Voyage. The *Morgan* had a very successful whaling career from 1841 until 1921, when she was decommissioned as a whaling ship and subsequently never sailed again. In 1941, she was acquired by the Marine Historical Association; she became our icon vessel as the last wooden whaleship in the world and has since become our most popular static display. In May of this year, the Board of Trustees unanimously decided to restore her to "sailing" condition. During the summer of 2014, after the *Charles W. Morgan's* 93-year hiatus from sailing, she will once again raise canvas and set a course for New Bedford, MA, her former port and original launching site in 1841. This is sure to be a truly exciting, groundbreaking and monumental time for both the *Charles W. Morgan* and Mystic Seaport.

On behalf of the Board of Trustees, I would like to express my heartfelt thanks to all of our members, volunteers, friends and staff for your continued faith and commitment to Mystic Seaport and its mission, and in helping to make it a place that we all love and cherish.

A handwritten signature in black ink, appearing to read 'Richard R. Vietor'.

Richard R. Vietor

A MESSAGE FROM *Stephen C. White, President*



I am very pleased to share with you the Museum's Annual Report for the 2009-2010 fiscal year, spanning from May 1, 2009 to April 30, 2010. I wish to thank everyone who is listed within the report for your ongoing support, whether it be through your generous donations, your valuable time or your continued membership. Because of your efforts, the Museum has been able to create new and exciting programs, such as *Restoring an Icon: The Whaleship Charles W. Morgan*, an exhibit illustrating the restoration process for this National Landmark. We also opened two other popular exhibits: *Building America's Canals* and *Skills of the Sailor*.

I'm happy to report that the Museum had a very successful 2009 summer featuring the WoodenBoat Show, the 30th annual Sea Music Festival, the Antique and Classic Boat Rendezvous, and Dog Days, when the 2006 Westminster Best in Show Champion dog, Rufus, made a guest appearance. Our fall and winter programs and events were well attended, and in December we created a new offering called Season's Splendor: A Victorian Village Holiday Ride, which proved to be a popular addition.

Mystic Seaport has a bright future in store. Our strategic plan was approved by the Board of Trustees in our May 2010 meeting. The plan outlines near- and long-term goals that will ultimately strengthen the financial foundation of this venerable Museum and enhance programs and educational experiences alike for years to come. A central component of the bold vision for the Museum was the Board's unanimous decision in September 2009 to prepare the **Charles W. Morgan** for her post-restoration 38th Voyage in 2014. This decision has energized our staff, inspired the traditional ship community and motivated philanthropic support.

Successfully weathering the challenging financial climate has certainly been a positive reflection of the wisdom and hard work provided by the Museum's Board of Trustees and International Council, its talented staff and volunteers, and its many generous and enthusiastic members and friends. I extend my sincere gratitude to you all for your continued dedication and commitment to Mystic Seaport – *The Museum of America and the Sea*.

A handwritten signature in black ink, which appears to read "Steve". The signature is written in a cursive, flowing style.

Stephen C. White

THE YEAR at a Glance



May 2009

"Mapping the Pacific Coast: Coronado to Lewis and Clark" was an exciting new exhibit of rare antique maps. Made between 1550 and 1802, these maps individually are beautiful works of art detailing observations about coastlines and rivers (some accurate and some not!), and together they trace the evolution of European understanding about the geography and orientation of North America's Pacific Coast.

Next door another new exhibit opened, "The Map Spot" – a fun, hands-on activity center where visitors can still explore many different types of maps, learn how to read and create their own maps, and test their knowledge of geography and wayfinding.

Jason Hine, a teacher at East Lyme High School in East Lyme, CT, was named the recipient of the Mystic Seaport Orion Award for Excellence in Experiential Education. Hine has implemented a public history approach in his teaching, bringing students out of the classroom and into the field for firsthand encounters with places, artifacts and activities that illuminate their classroom studies.



Don Treworgy retired as the Museum's Planetarium director after 48 years of working at Mystic Seaport. The Mystic Seaport Planetarium was officially renamed the Treworgy Planetarium, celebrating Don's remarkable legacy and the Planetarium's brand-new projector.

June 2009

Mystic Seaport was proud to host the 30th Annual Sea Music Festival, one of the world's premier sea music events.

Mystic Seaport echoed the sweet sounds of acclaimed jazz musician and historian Don Braden and his quintet as they performed for the third annual Summer Solstice Sunset Party in the big red barn at the Museum's Henry B. duPont Preservation Shipyard.

Grand opening of "Restoring an Icon: The Whaleship **Charles W. Morgan**" – this exhibit brings visitors into the complex process of restoring the **Morgan**. It covers the vessel's construction and historical significance and explores the many factors involved in preserving her.

Mystic Seaport hosted the 18th Annual Wooden Boat Show. More than 13,000 enthusiasts attended the three-day occasion, which featured several live boatbuilding events.

Acadia, the Museum's 21-foot solo transatlantic racing sailboat, raced successfully to a first-in-class finish in the Bermuda One-Two race this June, skippered by Stonington, CT resident Clay Burkhalter.



July 2009

The *Moby-Dick* Marathon, a Mystic Seaport tradition celebrating the **Charles W. Morgan** and commemorating the birthday of Herman Melville, was held on July 31. The weekend also included the first-ever Sea Story Weekend, complete with maritime tales, spoken-word presentations and workshops led by some of New England's best maritime storytellers.

New to Mystic Seaport this year was Family Fun Weekend, during which families were able to get out on the water, take a horse & carriage ride around the grounds, take part in productions, build boats, witness the restoration of the **Charles W. Morgan**, visit the Children's Museum, Discovery Barn and Planetarium, and much more.

Dressed and in pristine condition, approximately 50 classic vessels participated in the Antique & Classic Boat Rendezvous, creating a colorful gathering along the Museum's waterfront.



September 2009

The Museum's beloved former Planetarium Director, Don Treworgy, died on September 13. He was remembered at a touching memorial service in October 2009.

The Maritime Gallery at Mystic Seaport presented its 30th International Marine Art Exhibition including an artists' walk, an informal tour in which artists discussed their work. More than 100 noted maritime artists from 14 countries were represented.

The annual Antique Vehicle Show made the Museum's grounds come to life as the village and waterfront bustled with activity as pre-1930s cars, trucks and motorcycles went about the daily business of the 1920s.

The 18th annual Coastweeks Regatta brought hundreds of rowers to Mystic Seaport.

Mystic Seaport and the Connecticut Society hosted a Capitol Hill reception for members and staff of the Connecticut Congressional delegation and Washington, D.C. friends of the museum. The event was graciously supported by General Dynamics Corporation.



August 2009

Rufus, the 2006 Westminster Best in Show Champion, was among the dogs participating in the first-ever Dog Days at Mystic Seaport.

Eco-friendly Mystic Seaport hosted its first-ever Garden Days – a weekend fully devoted to tours of historic and contemporary gardens, gardening talks, gardening booths and displays set up by local garden centers.

Forty-eight Mystic Seaport members and friends participated in a Mystic Seaport America's Cup Regatta as crew members sailed aboard classic 12-meter yachts in Newport, RI, for a truly exhilarating series of races on Narragansett Bay.

The New York Yacht Club arrived this month for a three-day layover during their annual cruise. It was a glorious scene with more than 70 vessels moored along the Museum's waterfront. The 500 NYYC members aboard them were treated to special events at Mystic Seaport.



October 2009

Hundreds of children and their families came to Mystic Seaport for the annual tradition of "not-too-spooky" trick-or-treating in the Museum's village.

William I. Koch, founder, owner and president of the Oxbow Group, was named the recipient of the fourth annual America and the Sea Award. He was honored at a gala dinner held in New York City. More than 200 people gathered to recognize this

remarkable maritime expert, a collector who strives to create public access to his collections. The night also featured fantastic auction items that helped raise more than \$100,000 for Mystic Seaport.

Gregg Smith, well-recognized beer historian and author, shared many surprising revelations about the influence of beer on our history during Mystic Seaport's new event, Beer Tasting.

Chubb's Wharf and the *LA Durton* provided the backdrop for his short presentation, followed by a tasting of the converted hops and grains we know as beer.

At Mystic Seaport's annual Chowderfest, visitors got the chance to taste the best chowders anywhere.



November 2009

November 1, 2009 marked the one-year anniversary of the memorable haul-out of the **Charles W. Morgan** at the Henry B. duPont Preservation Shipyard. A year later, the restoration is well underway and ahead of schedule.

"Skills of the Sailor," a new hands-on activity space, opened and allowed Museum visitors the opportunity to learn traditional sailor's skills.

Visitors got to try their hands at traditional skills and arts from scrimshaw, canvas work and sketching to knot work, net making and knitting.



January 2010

Maritime historian, educator and acclaimed author Mary Malloy kicked off the 2010 Maritime Author Series. She spoke about the difference between writing maritime history and historical fiction, using examples from her two books, **Devil on the Deep Blue Sea: The Notorious Career of Captain Samuel Hill of Boston** and **The Wandering Heart**.

The "Building America's Canals" exhibit opened in the Mallory Building. This hands-on traveling exhibit, designed to fascinate everyone from young children to experienced civil engineers, explores the work behind planning, building and operating

canals, with specific focus on canals in Connecticut, Massachusetts, New York, Pennsylvania, Virginia and Michigan.



December 2009

The Museum's newest wintertime event, Season's Splendor: A Victorian Village Holiday Ride, was a great success. The holiday ride was complete with an appropriately decorated horse & carriage and sweet holiday treats.

Mystic Seaport adopted new winter hours: Thursday to Sunday from 10 a.m. to 4 p.m. With the implementation of these new wintertime hours, Mystic Seaport experienced no change in the number of visitors while increasing revenue through decreased operating costs.

The holiday spirit was particularly prevalent with the Community Carol Sing, which provided food items for a local food pantry and the Museum's post-Christmas Holiday Magic program, in which visitors got the opportunity to have special holiday tours of the **Charles W. Morgan**, learn a few magic tricks and attend a historical magic show.



February 2010

Artist Howard Park revealed the beauty of distant ports and the adventures of life aboard his sailboat, circumnavigating the globe with paintbrush and camera in the member program Behind the Canvas. Park shared his visual journal of watercolors and photographs and the fascinating stories behind them.

Mystic Seaport was well represented at a festive Valentine's Day event in Palm Beach. Generously hosted by Museum Trustee Emeritus and International Council member James D. Bishop, guests were treated to a cocktail party, romantic sea chanteys and informative updates about the recent strategic

initiatives and exciting plans for the 38th Voyage of the **Charles W. Morgan**.



March 2010

Benjamin Mendlowitz, who has made a career of traveling the globe photographing wooden boats, gave a visual presentation followed by a question-and-answer discussion during the spring member program Maritime Matinees. The focus of Mendlowitz's work is to capture the beauty, romance and fine craftsmanship of classic wooden boats.

The schooner *Aristad* celebrated the 10-year anniversary of her launching at Mystic Seaport. She was built over the course of two years at the Museum's Henry B. duPont Preservation Shipyard and since has sailed the East Coast, Gulf Coast, Great Lakes, United Kingdom, West Africa, the Caribbean and Cuba, telling the story of her role in the struggle for human rights.

Mystic Seaport, Friends of Rowing History and the National Rowing Foundation presented the 5th Rowing History Forum, which focused on the history of competitive rowing. Afterwards was a social hour in the Museum's exhibition space, dedicated to the National Rowing Foundation and Rowing History in the George W. Blunt White building.



April 2010

At the April Adventure Series, Rich Wilson gave a presentation about his experience racing nonstop around the world alone. Wilson was the only U.S. entry in the 2008 Vendée Globe race.

The 31st annual Modern Marine Masters exhibition and sale showcased the timeless beauty of ships and the sea in the Maritime Gallery at Mystic Seaport.

catering partner, Coastal Gourmet. The destination dining experience serves new American cuisine created by Chef James Klewin.

Latitude 41° (formerly Seamen's Inne Restaurant & Pub) opened under Mystic Seaport's new food



On behalf of the Board of Trustees of Mystic Seaport Museum (“MSM”), I am pleased to provide the financial report for Fiscal Year 2009-2010 (“FY 09-10”).

During FY 09-10 Management successfully stabilized and transitioned MSM following the financial crisis and severe recession. This included a reduction, as planned, of nearly \$2 million in annual operating costs. Unfortunately, this was achieved primarily through selective reductions in staff, since it accounts for most of MSM’s expenses. This was done mindful of the perceptions and on-site experience of core constituencies, especially visitors during the peak summer season. As a result related revenue levels were sustained relative to the prior year, which is noteworthy given reduced attendance at similar museums.

Also significant were decisions authorized by the Board of Trustees to improve aspects of MSM’s financial condition. It was decided to completely eliminate outstanding debt (over \$4 million), and to place in cash, in lieu of investment securities, the projected amount for the annual transfer from MSM’s endowment (so-called “draw”) to offset the forecast operating deficit (doing so reduces the endowment’s exposure to volatile markets).

Significant progress continues to be made, but focus on spending priorities is paramount as MSM continues to adjust to the difficult operating environment. MSM’s cost base and the scope of its operations continue to exceed the combined revenue generating capacity of its operations (such as attendance, programs, food, retail, etc.), giving levels and endowment assets. The operating deficit currently requires MSM to depend on a level of endowment draws that is not sustainable over the longer term.

This is being addressed in myriad ways but with particular focus on fundraising and strategic assessment. MSM is seeking to raise annual giving levels and to increase the level of endowment assets in order to close the gap between revenues and operating costs. In addition, the Trustees and Management are engaged in a strategic and business model evaluation assessment to place MSM on a more sustainable long-term footing.

MSM’s financial statements, which are prepared utilizing Not for Profit Generally Accepted Accounting Principles, reflected a \$22 million increase in revenues and \$5 million in net assets, respectively, in FY 09-10 versus the prior year (this primarily reflected appreciation of securities held by the endowment). Key non-endowment-related revenue categories were attendance, which was flat (reduction in visitors offset by higher admission prices), and the receipt of unrestricted gifts, grants and bequests, which was likewise similar to the prior year. These results were positive considering the uncertainties and alternatives confronting both visitors and donors.

The ongoing three-year restoration project for the **Charles W. Morgan**, the world’s last remaining wooden whaling ship (“CWM”), continues to be MSM’s largest capital expense and principal fund raising focus. The project is being managed so that available cash continues to stay ahead of the receipt of donations. \$12 million has been raised and disbursed (including the funding of the Hays and Ros Clark Shiplift) as of Fiscal Year End 09-10, and approximately an additional \$10 million

is the forecast requirement for completion, including for the planned voyage. Additional capital projects, principally vessels, and buildings maintenance (MSM has approximately 100 structures and buildings over 17 acres), will require substantial additional funds in the coming years. As already noted, fundraising is a major Management priority, and the Advancement Office has been given additional resources and direction to achieve critical fundraising goals.

MSM is steward to unique maritime assets that are essential to MSM's mission and integral to the Nation's heritage. The Trustees and Management are keenly focused on providing for a relevant Museum experience that is financially sustainable and to safeguarding these assets for the future.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Peter Gleysteen', with a long, sweeping horizontal flourish extending to the right.

Peter Gleysteen

STATEMENT OF FINANCIAL POSITION (in thousands) April 30, 2010 and 2009

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

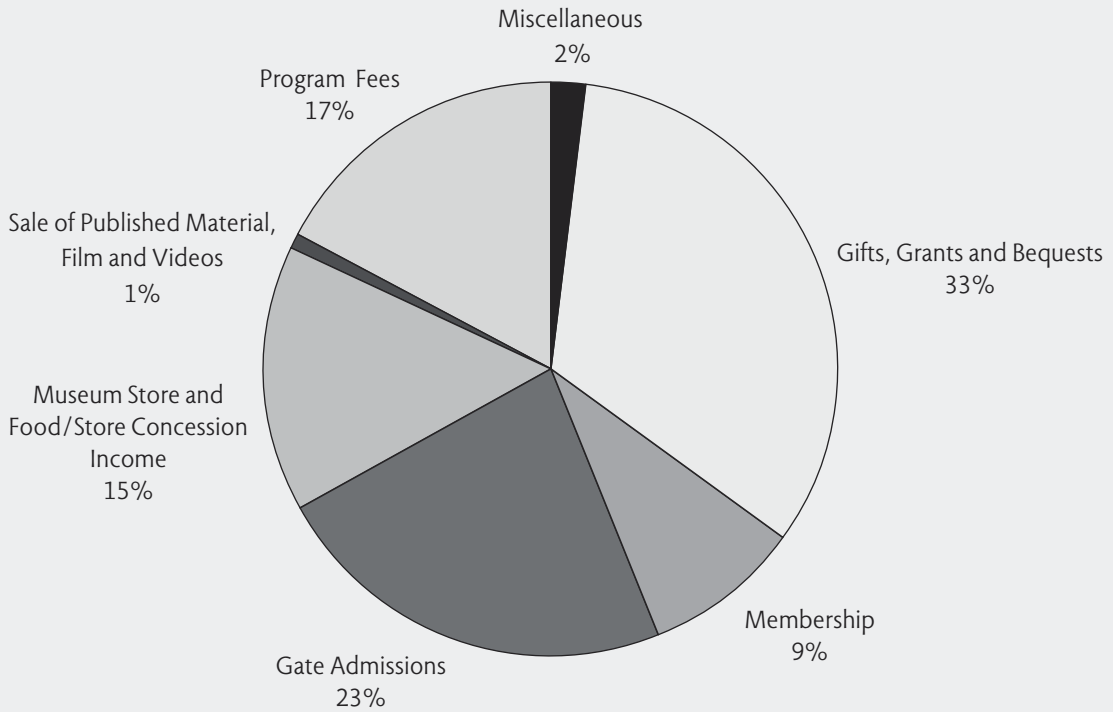
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 88	\$ 380
Short-term investments	1,904	5,450
Accounts, grants and interest receivable	1,571	1,598
Promises to give, current	1,595	928
Merchandise and other inventories, net of reserves	652	803
Prepaid expenses	314	592
Total current assets	6,124	9,751
Promises to give, noncurrent	2,088	3,085
Investments	46,530	39,088
Perpetual trust held by others	1,843	1,502
Other inventories	75	74
Property, plant and equipment, net of accumulated depreciation	25,963	28,103
Total assets	\$ 82,623	\$ 81,603
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	\$ —	\$ 4,150
Accounts payable and accrued expenses	886	930
Deferred revenue	458	412
Other current liabilities	51	51
Total current liabilities	1,395	5,543
Deferred revenue	2,466	2,231
Other liabilities	124	141
Total liabilities	3,985	7,915
NET ASSETS		
Unrestricted	27,951	29,686
Temporarily restricted	18,611	13,841
Permanently restricted	32,076	30,161
Total net assets	78,638	73,688
Total liabilities and net assets	\$ 82,623	\$ 81,603

STATEMENT OF ACTIVITIES (in thousands) for the year ended April 30, 2010
(with comparative totals for the year ended April 30, 2009)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL 2010	TOTAL 2009
REVENUE					
Gifts, grants and bequests	\$3,176	\$858	\$1,279	\$5,313	\$3,982
Gate admissions	3,261			3,261	3,236
Program fees	2,352	9		2,361	2,500
Membership	1,300			1,300	1,156
Museum Store operations	1,049			1,049	1,252
Retail stores rental income	822			822	868
Food services rental income	310			310	431
Sales of published material, film and videos	196	31		227	552
Other support:					
Net realized and unrealized gains on investments		7,664	342	8,006	(12,787)
Investment Income	76	886	2	964	1,378
Change in split interest agreements	(9)	545	38	574	(475)
Miscellaneous	113	3	4	120	613
Other rental income and fees	83			83	85
Net assets released from restrictions	4,976	(4,956)	(20)		
Total revenue and other support	17,705	5,040	1,645	24,390	2,791
EXPENSES					
Program expenses:					
Visitor experience	3,076			3,076	3,690
Shipyards	3,069			3,069	3,556
Curatorial, library and publications	2,680			2,680	3,297
Education	2,630			2,630	2,763
Museum store operations	1,167			1,167	2,105
Support expenses:					
General and administrative	5,431			5,431	5,239
Fundraising	1,387			1,387	1,636
Total operating expenses	19,440			19,440	22,286
Excess (deficiency) before transfers	(1,735)	5,040	1,645	4,950	(19,495)
Transfers - clarification of donor intent/other transfers		(270)	270		
Change in net assets	(1,735)	4,770	1,915	4,950	(19,495)
Net assets, beginning of year	29,686	13,841	30,161	73,688	93,183
Net assets, end of year	\$ 27,951	\$ 18,611	\$ 32,076	\$ 78,638	\$73,688

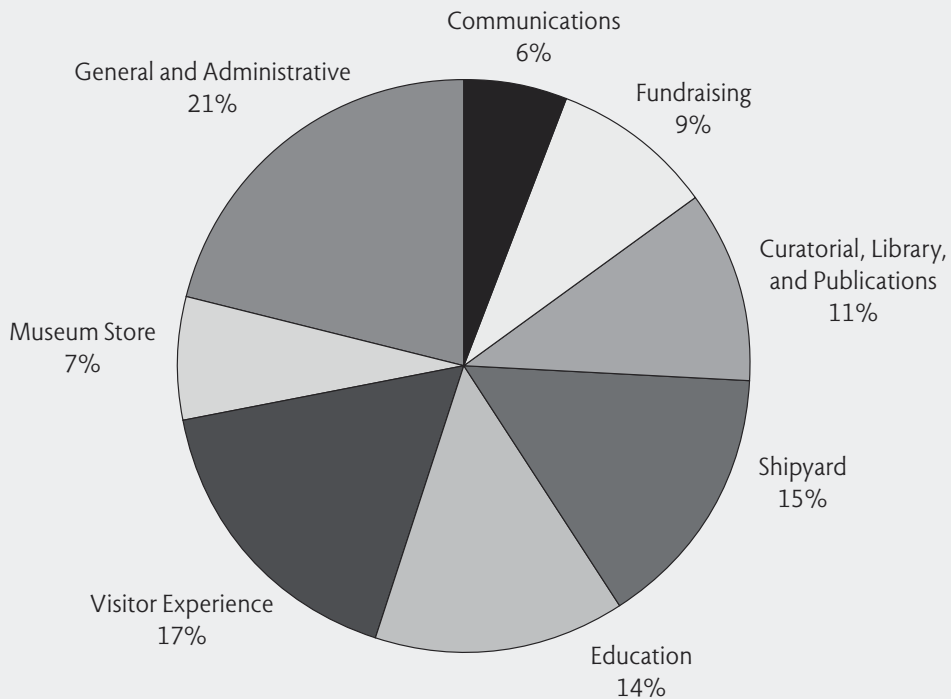
MUSEUM OPERATING INCOME

Fiscal Year 09-10



MUSEUM OPERATING EXPENSE

Fiscal Year 09-10



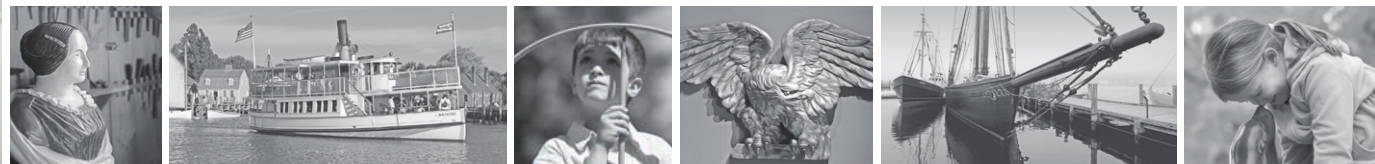
For more than **75** years our mission has been to preserve, protect and present our priceless collection of ships, boats, photographs and maritime artifacts.

Your gift to the Annual Fund benefits thousands of members, students and visitors each year and enables the Museum to pursue excellence in education, preservation and research.

Donations to the Annual Fund are tax-deductible. Please mail your gift to **2010-2011 Annual Fund, Mystic Seaport, 75 Greenmanville Avenue, Mystic, CT 06355** or call **860.572.0711, ext. 5144** or visit www.mysticseaport.org/annualfund.

Thank you!

preserve, protect & present



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