

Pacific Fleet Submarine Museum Summary

(a/k/a USS Bowfin Submarine Museum & Park)

Mission: To preserve and share stories of submarine visitors and to encourage pursuit of STEM learning and college education.

Category: Military History

Contact: Captain Chuck Merkel, Executive Director

Address: 11 Arizona Memorial Drive, Honolulu, HI 96818-3145

Grant History: 2019: \$100,000
2020: \$75,000
2021: \$25,000
2022: \$100,000
TOTAL GRANTS TO DATE: \$300,000

2023 Request:	\$60,000 for U.S.S. Bowfin museum lighting, window, and shelter upgrades
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Notes:

- Formed in 1978.
- 400,000 annual visitors.
- Scholarship program – over \$1.1 million to Hawaii-based submariners and their families since 1985.
- Separate endowment for Native Hawaiian students to pursue business or science degrees.
- Total renovation cost: \$20 million.
 - Bank of HI provide construction loan of \$15 million.
 - Post-construction financing via govt and Bank of HI
 - \$7 million from Pacific Fleet Submarine Association endowment (d/b/a USS Bowfin)
 - Campaign goal to raise \$13 million.

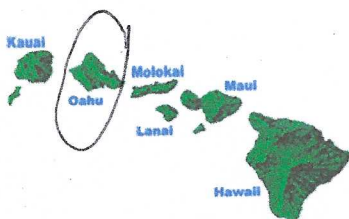
2022: Campus renovations completed. Continue to have \$12 million debt.

- Request is for dry dock maintenance of underwater hull. Estimated cost \$2 million.

- Last dry dock maintenance completed in 2004.

2023: Drydock maintenance completed in October 2022. New request is to continue upgrades of museum to make more safe and energy efficient.

Hosted Board Tour/Lunch in August 2022.





☆☆☆ SUBMARINE MUSEUM ☆☆☆

Ser: 230008

January 26, 2023

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Laurence H. Dorcy Hawaiian Foundation
Attn: Tammy Davis Cownie
81 East 7th Street, Suite 125
St. Paul, MN 55101

Aloha Ms. Cownie:

The Pacific Fleet Submarine Memorial Association Inc. (PFSMA) is extremely grateful for the Laurence H. Dorcy Hawaiian Foundation's past support for our efforts to renovate our campus and to maintain our World War II fleet submarine, USS Bowfin (SS 287). It was an honor to host you and members of the Board on our campus in August last year. I greatly enjoyed meeting with you and showing off the results of our efforts.

While you were here, we were making final preparations to execute a dry dock maintenance period for Bowfin, her first since 2004.

On September 17, 2022, we closed Bowfin to the public to complete tow preparations. On September 20th, Bowfin was towed from Pearl Harbor to Honolulu Harbor and she entered dry dock on September 21st. Bowfin was in dry dock for four weeks. During this time, her hull was cleaned and inspected, repairs were completed and her hull was repainted. Bowfin was undocked on October 19th and towed back to Pearl Harbor on October 20th. After mooring and some cleaning, Bowfin reopened to the public on October 29, 2022.

While Bowfin was in dry dock, we replaced the electrical distribution system that supplies power to Bowfin and all of the topside electrical system. All of this equipment was more than 40 years old. The new equipment is safer and will last for many years.

It was a busy but very productive period, and we are confident that this dry dock maintenance period and our ongoing efforts to maintain her while waterborne will ensure that Bowfin will remain safe and suitable for public display for the next 20 years. Her next dry docking, planned for the 2040 time frame will prepare her to celebrate the 100th anniversary of her launching on December 7, 2042.

The cost of completing this dry dock maintenance period was \$2.4 million. This cost includes the replacement of the electrical distribution system that was not included in our original cost estimate. In addition to the \$100,000 provided by the Laurence H. Dorcy Hawaiian Foundation, we received a \$500,000 grant from the Save America's Treasures program and \$100,000 from the State of Hawaii.

Educational Programs

In addition to maintaining the museum and our submarine, PFSMA oversees a robust education program and scholarship programs. The USS Bowfin Memorial Scholarship program has awarded over \$1.3 million dollars to Hawaii-based submariners and their families since 1985. A more recent scholarship endowment with the Pauahi Foundation awards the USS Kamehameha Scholarships to native Hawaiian students majoring in business or science.

We provide a broad range of educational opportunity to adults and children, with a special emphasis on adolescent students through hands-on demos/activities and museum exhibits, integrating and promoting diversity, equity, accessibility, and inclusion (DEAI) as part of its museum's programming. The results are the following: 1) a sense of patriotism for the United States and opportunity for self-reflection 2) Understanding of the valor and contribution of the World War II submarine force 3) Today's contribution by the active duty submarine force and the broader use of STEM by the US Navy to ensure national security.

Highlights of our efforts in 2022 include:

STEM Engagement Program I: Field Trips: Schools/Educational Institutions. In 2022, a total of 41 field trips from 30 different schools/educational institutions—1475 students and 270 adults visited. Museum Educators aligned activities/demos with teachers' objectives. Artifacts selected by the curator were integrated into the programs. Outreach partners presented STEM demos. PFSMA provided over \$12,000 to subsidize admission, transportation and food for a number of these visits.

STEM Engagement Program II: Innovation Cart. Aligned with Common Core and Next Generation Science (NGSS) learning standards and designed by Museum Educators with proactive learning outcomes, the Innovation Cart provides the public with engaging STEM/history hands-on, interactive demos and activities.

Historian Guests' Support. Approximately 225 walk-in requests and emails were received from the public seeking information about family members in the submarine force or with general inquiries. The Museum has an extensive collection of primary and secondary documents.

Internship Program. Six students from different high schools participated and offered summer jobs—currently attending Exeter University (UK), Stanford University, UH Manoa majoring in pre-med, neuroscience and criminology. Entrance and scholarship essay writing and leadership workshop were provided.

Kama‘āina Day. STEM activities/demos, music, face painting, and giveaways were offered to preregistered guests.

Kaneohe Air Show: Marine Corps Base Hawaii: August 2022. Museum Educators exhibited its STEM demos/activities. 350-400 people visited stations in STEM Zone hangar.

Make-A-Wish and Dreams Come True. In cooperation with Pearl Harbor Historic Sites partners, Museum Educators gave tours of USS Bowfin and the Museum to help fulfill the wishes of children, 6-18 years old, who had critical illnesses. Many families delayed their trips due to COVID, resulting in higher-than-normal numbers: 70 compared to 50 in previous years.

Performing Groups. 12 different groups, over 1300 people, performed on our premises.

Sacrifice for Freedom: World War II in the Pacific Student & Teacher Teams. National competition sponsored by National History Day and the Pearl Harbor Historic Site partners, the program provides an opportunity for 16 student/teacher teams to study World War II in the Pacific in Honolulu, annually.

Temporary Exhibit. In partnership with US Navy, Stewards of the Sea built a temporary exhibit containing information about the Navy’s role to advance maritime security and stability while protecting the environment for future generations is part of the current exhibit.

2023 Projects

The PFSMA Board of Directors plans to execute two campus renovation projects in 2023.

Lighting Upgrades. The first project is to replace all remaining non-LED lighting on campus with LED lighting. This will include all of the lighting in the office building and exterior lighting on the lanai. The design work is complete, approvals are in place and work will commence when the replacement lighting has been received. The cost of this project is \$350K.

Window Replacement. The second project is to replace the windows and doors on our office building to improve security and energy efficiency. We are in the process of obtaining estimates for this project, but assess that this project will cost \$250K.

Future Projects

USS Bowfin Main Ballast Tank Preservation. Inspections of the ballast tank interiors during dry dock indicate that the existing paint should be removed and the tanks preserved. However, the detection of lead paint in the ballast tanks precluded the accomplishment of work in the ballast tanks while in dry dock. We are able to conduct this work while waterborne and are exploring options and costs to do so.

Outdoor Classroom. We are soliciting proposals to install a permanent shade structure over the outdoor classroom area. There is currently a fabric canopy installed that has greatly increased the usability of this area, but a permanent structure is desirable.

We respectfully request that the Laurence H. Dorcy Hawaiian Foundation consider a capital grant of \$60,000 in support of these renovation projects. While PFSMA has the funds in hand to complete those in progress, any support that we receive will enable us to retire our debt from our campus renovation (currently over ten million dollars), and to move forward with additional projects as designs and plans mature.

We are very thankful for the past support of the Laurence H. Dorcy Hawaiian Foundation, a staunch supporter of charitable organizations fostering research, restoration, and educational activities relating to U.S. military history, and we greatly appreciate any contribution that can be made by the Foundation. Your foundation's "plank owner" teak plank is displayed proudly in our museum entry. Together, we can give submarine veterans the memorial they deserve, increase educational opportunities for local students, and celebrate the history of our Silent Service.

Thank you for your time and consideration. Please contact me with any questions.

Sincerely,



Charles Merkel
Captain, U.S. Navy (Retired)
Executive Director

Enclosures:

1. 2021 Audited Financial Statement
2. IRS tax exemption 501(c)(3) determination letter

**PACIFIC FLEET SUBMARINE MEMORIAL ASSOCIATION, INC.,
DBA USS BOWFIN SUBMARINE MUSEUM AND PARK**

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash (including savings accounts)	\$ 1,275,032	\$ 399,318
Accounts receivable – net	675,518	126,067
Pledges receivable, current – net	134,357	289,290
Prepaid expenses and other assets	133,187	60,253
Total current assets	<u>2,218,094</u>	<u>874,928</u>
INVESTMENTS	7,257,015	6,385,736
PLEDGES RECEIVABLE, Noncurrent – Net	108,954	224,233
PROPERTY AND EQUIPMENT – Net	24,671,106	24,803,364
HISTORICAL COLLECTION (See Note A)	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 34,255,169</u>	<u>\$ 32,288,261</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 100,412	\$ 609,809
Accrued liabilities	338,672	103,362
Notes payable – current	601,300	422,500
Total current liabilities	<u>1,040,384</u>	<u>1,135,671</u>
NOTES PAYABLE – Noncurrent	<u>11,576,088</u>	<u>11,476,018</u>
TOTAL LIABILITIES	<u>12,616,472</u>	<u>12,611,689</u>
NET ASSETS		
Net assets without donor restrictions	21,638,697	17,534,691
Net assets with donor restrictions	-	2,141,881
Total net assets	<u>21,638,697</u>	<u>19,676,572</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,255,169</u>	<u>\$ 32,288,261</u>

See accompanying notes to the financial statements.

**PACIFIC FLEET SUBMARINE MEMORIAL ASSOCIATION, INC.,
DBA USS BOWFIN SUBMARINE MUSEUM AND PARK**

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Admissions	\$ 4,539,929	\$ 1,242,479
Net assets released from restrictions	2,337,185	52,000
Proceeds from SBA PPP loan	523,232	479,665
Commission income	471,930	93,865
Interest and investment income – net	451,656	337,609
Rental income	303,476	61,780
Food concession operations	-	180,718
Storage locker rentals	-	175,106
Photobooth income	134,347	21,194
Grants and contributions without donor restrictions	111,804	81,230
Gift shop operations	-	6,676
Other revenue and support	45,561	73,077
Total revenue and support	<u>8,919,120</u>	<u>2,805,399</u>
Costs and expenses		
Program services		
Park operations	3,884,349	2,580,499
Cost of food concession operations	11,887	394,036
Cost of gift shop operations	11,887	9,643
Total program services	<u>3,908,123</u>	<u>2,984,178</u>
Supporting services		
Management and general	844,984	343,769
Fundraising and development	62,007	89,711
Total supporting services	<u>906,991</u>	<u>433,480</u>
Total costs and expenses	<u>4,815,114</u>	<u>3,417,658</u>
Increase (decrease) in net assets without donor restrictions	<u>4,104,006</u>	<u>(612,259)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grants and contributions with donor restrictions	195,304	348,426
Net assets released from restrictions	<u>(2,337,185)</u>	<u>(52,000)</u>
Increase (decrease) in net assets with donor restrictions	<u>(2,141,881)</u>	<u>296,426</u>
INCREASE (DECREASE) IN NET ASSETS	1,962,125	(315,833)
NET ASSETS – Beginning of year	<u>19,676,572</u>	<u>19,992,405</u>
NET ASSETS – End of year	<u>\$21,638,697</u>	<u>\$19,676,572</u>

See accompanying notes to the financial statements.

**PACIFIC FLEET SUBMARINE MEMORIAL ASSOCIATION, INC.,
DBA USS BOWFIN SUBMARINE MUSEUM AND PARK**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services			Supporting Services			2021
	Park Operations	Cost of Food Concession Operations	Cost of Gift shop Operations	Total Program Services	Management and General	Fundraising and Development	Total
Salaries and wages	\$ 1,006,018	\$ 4,344	\$ 4,344	\$ 1,014,706	\$ 149,110	\$ 22,513	\$ 1,186,329
Employee benefits	233,698	1,009	1,009	235,716	34,638	5,230	275,584
Payroll taxes	74,482	321	321	75,124	11,040	1,667	87,831
Total salaries and related expenses	1,314,198	5,674	5,674	1,325,546	194,788	29,410	1,549,744
Depreciation	648,742	2,801	2,801	654,344	96,156	14,518	765,018
Professional fees	455,500	190	190	455,880	106,967	985	563,832
Lease rent	368,218	1,590	1,590	371,398	54,577	8,240	434,215
Interest Expense	-	-	-	-	324,558	-	324,558
Supplies	226,189	87	87	226,363	2,998	453	229,814
Insurance	169,494	723	723	170,940	34,297	3,747	208,984
Contributions to others	189,064	-	-	189,064	-	-	189,064
Utilities	106,767	461	461	107,689	15,825	2,389	125,903
Repairs and maintenance	120,708	93	93	120,894	3,186	481	124,561
Bank and credit card service charges	86,736	-	-	86,736	-	362	87,098
Security	62,066	268	268	62,602	9,199	1,389	73,190
Advertising and marketing	70,494	-	-	70,494	-	-	70,494
Hawaii general excise tax	43,455	-	-	43,455	-	-	43,455
Travel and meetings	8,712	-	-	8,712	-	-	8,712
Other expenses	14,006	-	-	14,006	2,433	33	16,472
Total costs and expenses	\$ 3,884,349	\$ 11,887	\$ 11,887	\$ 3,908,123	\$ 844,984	\$ 62,007	\$ 4,815,114

See accompanying notes to the financial statements.