

IVCC Audited Financial Statements, 2007

Please see Note 6 entitled "Related Party Transactions" on page 12 of the report (as indicated on the bottom of each page) where it states,

“The National Park Service (“NPS”) and IVCC have substantially established a management agreement between the parties whereas IVCC will administer and manage the property [Independence Visitor Center]. The agreement calls for the NPS to make an annual payment of \$850,000.00 to IVCC in exchange for the services provided by the IVCC more fully described in the agreement. Payments are subject to annual federal appropriations. A representative of the NPS services as a non-voting member on the Board of Directors.”

Before any additional Federal appropriations get disbursed for Independence National Historical Park, including the \$6.0 million for the Franklin Court renovation that will be developed and administered by the Independence Visitor Center Corporation (“IVCC”), both the National Park Service (“NPS”) and IVCC should be required to comply with the evident Congressional intent of the Gateway [Independence] Visitor Center Authorization Act of 1999, Public Law 106-131. This law authorized the NPS to execute a detailed operating agreement with the IVCC. However, for more than nine years, the NPS and IVCC have curiously not been in compliance. In lieu of an operating agreement, the NPS issued a bare-bones temporary Special Use Permit in November 2001 and then extended it at least 20 separate times “to allow additional time to finalize a formal [Operating] Agreement...”

What is even more curious about the necessity for the repeated renewals of the Special Use Permit is that according to every one of the audited financial statements of the IVCC since at least 2003, the parties have “substantially established a management agreement” whereby NPS pays the IVCC \$850,000.00 per year, but that agreement is neither executed nor transparent. In the spirit of change with the Obama Administration, it is time for Congressional oversight. For more information, please see <http://www.IndependencePark.blogspot.com/> .

INDEPENDENCE VISITOR CENTER CORPORATION

Financial Statements and Supplementary Information

*WITH REPORTING REQUIREMENTS
FOR OMB CIRCULAR A-133*

Year Ended June 30, 2007



GOLDBERG ROSENTHAL, LLP
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INDEPENDENCE VISITOR CENTER CORPORATION

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Independent Auditor's Report

May 5, 2008

Board of Directors
Independence Visitor Center Corporation
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of INDEPENDENCE VISITOR CENTER CORPORATION as of June 30, 2007 and the related statement of activities and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INDEPENDENCE VISITOR CENTER CORPORATION as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 5, 2008, on our consideration of INDEPENDENCE VISITOR CENTER CORPORATION's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of INDEPENDENCE VISITOR CENTER CORPORATION taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2007 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 ("OMB"), *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Goldenberg Rosenthal, LLP

INDEPENDENCE VISITOR CENTER CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Section II – Financial Statement Findings (continued)

Management's Response (continued)

The auditor's report states that "interim financial information available to management during the year was not reliable or complete as a result." Management's request was for cash basis statements at the time, and the auditors did not audit the financial records on a cash basis. The cash basis of accounting is considered to be a comprehensive basis of accounting that is acceptable for internal financial reports. Accordingly, we believe this statement is an exaggeration of the actual circumstances.

Management and the Board of IVCC very much appreciate the extraordinary due diligence exhibited by GR during the audit. While there may have been matters of concern to GR during the audit, Management and the Board of IVCC believe that most of these matters have now been resolved. Many of the auditors' recommendations already have been implemented by IVCC. IVCC currently produces fully compliant GAAP financial statements to Management throughout the year. Management receives monthly reports that include analyses of key balance sheet and income statement accounts.

Section III – Federal Award Findings and Questioned Costs

NONE

Section IV – Prior Year Financial Statement Findings

NONE

INDEPENDENCE VISITOR CENTER CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,657,529
Restricted cash and cash equivalents	1,301,162
Accounts receivable	197,348
Contributions receivable	268,983
Grants receivable	286,519
Prepaid expenses	<u>73,926</u>
Total current assets	4,785,467
Investments, at fair value	<u>7,783,684</u>
Total Assets	<u>\$ 12,569,151</u>
 LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable and accrued expenses	\$ 1,094,000
Retainage payable	164,870
Deferred revenue	<u>71,431</u>
Total liabilities	<u>1,330,301</u>
Net assets	
Unrestricted	7,880,160
Temporarily restricted	1,358,690
Permanently restricted	<u>2,000,000</u>
Total net assets	<u>11,238,850</u>
Total Liabilities and Net Assets	<u>\$ 12,569,151</u>

See notes to financial statements

INDEPENDENCE VISITOR CENTER CORPORATION
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 YEAR ENDED JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues				
Grant income	\$ 286,519	\$ 2,045,698	\$ -	\$ 2,932,217
RACP revenues	2,832,000	-	-	2,832,000
Partner funding	384,263	-	-	384,263
Facility rentals	167,259	-	-	167,259
Concession sales	800,345	-	-	800,345
Visitor services, net of cost of tickets	116,627	-	-	116,627
Homeland security	65,834	-	-	65,834
Development fee income	75,000	-	-	75,000
Other income	49,424	-	-	49,424
Operating interest income	119,028	-	-	119,028
Investment income, net of investment expenses	1,012,742	77,109	-	1,089,851
Net assets released from restrictions	2,965,340	(2,965,340)	-	-
Total support and revenues	<u>8,874,381</u>	<u>(242,533)</u>	<u>-</u>	<u>8,631,848</u>
Expenses				
Program				
Operating expenses	2,007,169	-	-	2,007,169
Mall Landscape completion project	5,884,846	-	-	5,884,846
Special DCED projects	976,114	-	-	976,114
General and administrative	724,671	-	-	724,671
Total expenses	<u>9,592,800</u>	<u>-</u>	<u>-</u>	<u>9,592,800</u>
Decrease in net assets	(718,419)	(242,533)	-	(960,952)
Net assets, beginning of year, as restated	<u>8,598,579</u>	<u>1,601,223</u>	<u>2,000,000</u>	<u>12,199,802</u>
Net assets, end of year	<u>\$ 7,880,160</u>	<u>\$ 1,358,690</u>	<u>\$ 2,000,000</u>	<u>\$ 11,238,850</u>

See notes to financial statements

INDEPENDENCE VISITOR CENTER CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007

Cash flows from operating activities	
Decrease in net assets	\$ (960,952)
Adjustments to reconcile decrease in net assets to net cash used in operating activities	
Gain on sale of marketable securities	(242,974)
Unrealized gain on marketable securities	(578,751)
(Increase) decrease in assets	
Accounts receivable	(197,348)
Contributions receivable	(211,804)
Grants receivable	1,509,481
Prepaid expenses	(73,127)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	861,996
Retainage payable	(215,700)
Deferred revenue	37,417
Net cash used in operating activities	<u>(71,762)</u>
Cash flows from investing activities	
Reinvested interest and dividends	(135,074)
Restricted cash and cash equivalents	<u>(179,421)</u>
Net cash used in investing activities	<u>(314,495)</u>
Net decrease in cash and cash equivalents	(386,257)
Cash and cash equivalents, beginning of year	<u>3,043,786</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,657,529</u></u>

See notes to financial statements

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Organization

Independence Visitor Center Corporation ("IVCC"), a Pennsylvania not-for-profit corporation, was established in February 1998 to develop and operate the Independence Visitor Center ("Center") on Independence Mall in Philadelphia. Independence Mall is a part of Independence National Historical Park, a flagship in the array of national parks administered by the National Park Service ("NPS"). The Center provides to visitors and area residents orientation and information relating to the Park, the surrounding historic district, the City and the Greater Philadelphia region. In undertaking this responsibility, IVCC works in close cooperation with the National Park Service, the City of Philadelphia, the Commonwealth of Pennsylvania and other stakeholders. In accordance with a separate agreement, NPS has engaged IVCC to manage the Center.

Basis of Presentation

The accompanying financial statements are prepared using the accrual basis of accounting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of IVCC's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

Management's Judgments and Accounting Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results could differ from those estimated amounts.

Classification of Net Assets

Resources in the accompanying financial statements are classified for accounting and reporting purposes into classes of net assets according to the existence or absence of donor-imposed restrictions.

The accompanying financial statements include the following classes of net assets:

- ***Unrestricted***

Unrestricted net assets are used to account for funds which have not been restricted by donors.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Net Assets (continued)

- ***Temporarily Restricted***

IVCC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

- ***Permanently Restricted***

Permanently restricted net assets are subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by IVCC. Use of the related income and gains may be unrestricted or restricted by the donor.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period the promise to give is received. All contributions are considered available for unrestricted use unless specifically restricted by donor request. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received.

IVCC has a \$500,000 pledge for the Ben Franklin Underground Museum which is not recorded as of June 30, 2007 because it is conditioned upon receiving additional funding for the project.

Investments

Investments in marketable and debt securities are stated at quoted market value. Realized and unrealized gains and losses are charged or credited to the statements of activities and changes in net assets.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, IVCC considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents and available for current use.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

IVCC has not capitalized any land, building, improvements or equipment in the current financial statements. The land and building are owned by NPS, and therefore are not the property of IVCC. Any other property and equipment, such as computers and office equipment, were purchased under the NPS contract. It has been IVCC's policy to expense these items on the books and charge them to the contract. As these assets have been purchased using grant money, they will remain the property of the granting agency.

Income Taxes

IVCC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

Advertising Costs

IVCC expenses advertising costs as incurred. Total advertising expenses for the year ended June 30, 2007 were \$59,173.

Retainage Payable

In accordance with accepted practice within the construction industry, IVCC retained 10% of amounts billed for contracted construction costs incurred for various projects. This liability will be paid upon satisfactory completion of the projects.

Deferred Revenue

Deferred revenue consists of downpayments received for facility rental contracts to be held after the statement of financial position date, which will be recognized as revenues when the related events take place.

Program Expenses

IVCC considers all costs associated with the operation of the Visitor Center building to be program expenses and, accordingly, such expenses are recorded when incurred. Program expenses include labor, marketing, maintenance, utilities and other expenses related to Visitor Center operations.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Expenses (continued)

DCED Special Projects on the statement of activities and changes in net assets for the year ended June 30, 2007 consists of the following grants:

Cultural exhibitions	\$ 500,000
City Hall	100,000
July 4th	100,989
Kiosk	158,986
Security	73,853
Neshaminy	<u>42,286</u>
	<u>\$ 976,114</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

As of June 30, 2007, cash and cash equivalents and restricted cash and cash equivalents consist of the following:

Unrestricted cash accounts	
Payroll	\$ 253,794
Operating	<u>2,403,735</u>
Total unrestricted cash	<u>2,657,529</u>
Current restricted cash accounts	
Kiosk Grant	160
City Hall Visitor Center	4,659
Security grant	226,127
NPS operating	605,592
NPS Block II landscaping	50,205
Mall landscaping	404,478
Mummer's program	<u>9,941</u>
Current assets, restricted cash	<u>1,301,162</u>
Total cash and cash equivalents	<u>\$ 3,958,691</u>

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

IVCC maintains its cash balances in financial institutions located in Philadelphia, Pennsylvania which, at times, exceed federally insured limits. IVCC has not experienced any losses on those accounts and believes that it is not exposed to any significant risk on cash deposits.

Certain governmental agencies and foundations may require cash to be maintained in separate accounts as part of the grant agreement between these agencies/foundations and IVCC.

Donor restricted cash for construction consists of grant money specifically used for construction and landscaping expenditures of the mall area around IVCC.

NOTE 4 - INVESTMENTS

Investment Portfolio

As of June 30, 2007, the composition of investments stated at fair value, consists of the following:

Cash and money markets	\$ 90,364
Certificates of deposit	45,000
Bonds	2,181,193
Corporate equities	<u>5,467,127</u>
	<u>\$ 7,783,684</u>

IVCC accounts for all investment income as an increase in unrestricted net assets unless a donor or law specifies otherwise.

Investment income for investments, cash and cash equivalents, and restricted cash and cash equivalents, current assets are comprised of the following for the year ended June 30, 2007:

	Unrestricted	Temporarily Restricted	Total
Unrealized/realized gains	\$ 821,725	\$ -	\$ 821,725
Interest and dividends	245,224	77,109	322,333
Less investment advisory fees	<u>(54,207)</u>	<u>-</u>	<u>(54,207)</u>
Total investment return	<u>\$ 1,012,742</u>	<u>\$ 77,109</u>	<u>\$ 1,089,851</u>

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RESTRICTIONS OF NET ASSETS

As of June 30, 2007, temporarily restricted net assets are available for the following purposes:

DCED	\$ 162,892
Mummer's program	9,841
NPS operating	352,055
Mall landscaping	164,919
Underground Museum	400,000
Friends of Independence - Block I	<u>268,983</u>
	<u>\$ 1,358,690</u>

Net assets released from donor restrictions during the year ended June 30, 2007 were as follows:

DCED	\$ 1,027,329
Mummer's program	14,736
NPS operating	926,146
Mall landscaping	914,629
William Penn - City Hall	<u>82,500</u>
	<u>\$ 2,965,340</u>

Permanently restricted net assets consist of Endowment Fund investments to be held indefinitely, the income from which is classified as unrestricted net assets. Permanently restricted net assets were \$2,000,000 as of June 30, 2007.

NOTE 6 - RELATED PARTY TRANSACTIONS

Representatives of the Governor of the Commonwealth of Pennsylvania, The Pew Charitable Trusts and the City of Philadelphia are Board members of IVCC. Total amounts received from these organizations for the year ended June 30, 2007 was \$1,054,166.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - RELATED PARTY TRANSACTIONS (continued)

In a Memorandum of Understanding ("MOU") dated May 12, 2005 among the Philadelphia Convention and Visitors Bureau ("PCVB"), Greater Philadelphia Tourism Marketing Corporation ("GPTMC"), and IVCC, whereas PCVB is designated as the Tourism Promotion Agency ("TPA") by the City of Philadelphia and as such is entitled to receive from the Commonwealth of Pennsylvania certain funds disbursed by the Commonwealth to the TPA to conduct comprehensive destination marketing and advertising to stimulate travel and tourism within its locale, PCVB shall pay IVCC payments equal to 21.2% of the TPA money received each year. The President of IVCC serves on the Board of the PCVB. For the year ended June 30, 2007, IVCC has received \$384,263, under this MOU.

The National Park Service ("NPS") and IVCC have substantially established an operating agreement between the parties whereas IVCC will administer and manage the property. The agreement calls for the NPS to make an annual payment of \$850,000 to IVCC in exchange for the services provided by the IVCC as more fully described in the agreement. Consequently, these funds are accounted for in the temporarily restricted class of net assets. Payments are subject to annual federal appropriations. A representative of the NPS serves as a non voting member on the Board of Directors.

NOTE 7 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30, 2007:

Pew Charitable Trusts	<u>\$ 286,519</u>
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This entire amount is due to be received within one year, and therefore is classified as a current asset.

NOTE 8 - CONTINGENCIES

Grants received by IVCC require the fulfillment of certain conditions as set forth in the various grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor.

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PENSION PLAN

IVCC has a 403(b) plan for all eligible employees. There is no matching contribution required by the plan.

NOTE 10 - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2007, IVCC determined that the prior period financial statements contained errors. The effects of these errors are included in the accompanying statement of activities and changes in net assets as follows:

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>
Net assets, as previously reported	\$ 9,269,476	\$ 40,454
Adjustments		
Adjustment to correct deferred revenue	(3,000)	-
To correct treatment of mummer money	(3,567)	-
To show NPS liability as temporarily restricted	-	1,036,256
To correct HPP shown as temporarily restricted	-	(27,801)
To write off caterer deposits to unrestricted	10,000	-
To correct prior year receivables balance	(123,016)	-
To adjust for prior year payroll accrual	1,000	-
To record as temporarily restricted		
NPS - Operating	(404,505)	404,505
DCED - Kiosk	(36,055)	36,055
DCED - City Hall	(100,000)	100,000
Pew - Mall Completion	(11,754)	11,754
Net assets, as restated	<u>\$ 8,598,579</u>	<u>\$ 1,601,223</u>

(6,000,000) decrease 1,560,769 increase 889,770 net increase

SUPPLEMENTARY INFORMATION



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Independent Auditor's Report on Supplementary Information

May 5, 2008

Board of Directors
Independence Visitor Center Corporation
Philadelphia, Pennsylvania

Our report on our audit of the financial statements of INDEPENDENCE VISITOR CENTER CORPORATION as of and for the year ended June 30, 2007 appears on pages 1 and 2. This audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying supplementary information shown on pages 15 and 16 is presented only for supplementary analysis purposes and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Goldenberg Rosenthal, LLP

INDEPENDENCE VISITOR CENTER CORPORATION
OPERATING EXPENSES
YEAR ENDED JUNE 30, 2007

Operating	
Equipment rental	\$ 61,178
Insurance	54,355
Marketing	23,165
Payroll and related costs	1,073,796
Professional services	290,075
Repairs and maintenance	219,567
Utilities	<u>285,033</u>
Total operating expenses	<u><u>\$ 2,007,169</u></u>

INDEPENDENCE VISITOR CENTER CORPORATION
GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2007

General and administrative	
Bad debt	\$ 8,861
Miscellaneous	55,783
Office supplies	130,874
Payroll and related costs	311,424
Postage	18,642
Printing	7,420
Professional development	14,363
Program events	46,568
Subscriptions	18,733
Talent and costumed characters	49,950
Travel and entertainment	<u>62,053</u>
Total general and administrative expenses	<u>\$ 724,671</u>

**SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH THE
REQUIREMENTS OF OMB CIRCULAR A-133**

INDEPENDENCE VISITOR CENTER CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number (a)	Pass-Through Grantor's Number	Grant Period	Expenditures
U.S. Department of the Interior Pass-through the National Park Service	Unknown	NER-INDE-5300-016	7/01/06 - 6/30/07	\$ 507,691

See notes to schedule of expenditures of federal awards
 17

INDEPENDENCE VISITOR CENTER CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of IVCC and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - CFDA NUMBERS

The granting agency could not provide specific Federal CFDA numbers to be included in the schedule of federal expenditures of federal awards.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

May 5, 2008

Board of Directors
Independence Visitor Center Corporation
Philadelphia, Pennsylvania

We have audited the financial statements of INDEPENDENCE VISITOR CENTER CORPORATION as of and for the year ended June 30, 2007, and have issued our report thereon dated May 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered INDEPENDENCE VISITOR CENTER CORPORATION's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of INDEPENDENCE VISITOR CENTER CORPORATION's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of INDEPENDENCE VISITOR CENTER CORPORATION's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

Internal Control Over Financial Reporting (continued)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the control deficiency described as finding 2007-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether INDEPENDENCE VISITOR CENTER CORPORATION's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of INDEPENDENCE VISITOR CENTER CORPORATION in a separate letter dated May 5, 2008.

INDEPENDENCE VISITOR CENTER CORPORATION's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit INDEPENDENCE VISITOR CENTER CORPORATION's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of INDEPENDENCE VISITOR CENTER CORPORATION's finance committee, Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Goldenberg Rosenthal, LLP



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**Independent Auditor's Report on Compliance With Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

May 5, 2008

Board of Directors
Independence Visitor Center Corporation
Philadelphia, Pennsylvania

Compliance

We have audited the compliance of INDEPENDENCE VISITOR CENTER CORPORATION with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. INDEPENDENCE VISITOR CENTER CORPORATION's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of INDEPENDENCE VISITOR CENTER CORPORATION's management. Our responsibility is to express an opinion on INDEPENDENCE VISITOR CENTER CORPORATION's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about INDEPENDENCE VISITOR CENTER CORPORATION's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of INDEPENDENCE VISITOR CENTER CORPORATION's compliance with those requirements.

In our opinion, INDEPENDENCE VISITOR CENTER CORPORATION complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of INDEPENDENCE VISITOR CENTER CORPORATION is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to its federal program. In planning and performing our audit, we considered INDEPENDENCE VISITOR CENTER CORPORATION's internal control over compliance with requirements that could have a direct and material effect on the major federal program as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of INDEPENDENCE VISITOR CENTER CORPORATION's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that an instance of noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of INDEPENDENCE VISITOR CENTER CORPORATION's Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Goldenberg Rosenthal, LLP

INDEPENDENCE VISITOR CENTER CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified
that are not considered to be
material weaknesses? yes x none reported
- Noncompliance material to financial
statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified
that are not considered to be
material weaknesses? yes x none reported

Type of auditor’s report issued on compliance
for major programs: **Unqualified**

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133? yes x no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
Unknown	National Park Service NER-INDE-5300-016

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes no

INDEPENDENCE VISITOR CENTER CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Section II – Financial Statement Findings

2007-01 Significant Adjustments

Criteria

Independence Visitor Center Corporation's year-end procedures for preparing financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") must include a review of all transactions processed in the general ledger for completeness, accuracy and reasonableness. This extends to the review of all subsequent disbursements to ensure that all expenditures pertaining to the year ended June 30, 2007 are properly accrued.

Condition

The accounting records supporting Independence Visitor Center Corporation's accounting software, QuickBooks, were not adequately reviewed prior the start of the audit.

Effect

Our audit engagement resulted in several material adjusting journal entries, some affecting net asset balances at the beginning of the year. All of the entries resulted from transactions which should have been accounted for and recorded in preparation for the audit. Many of the audit entries were for material accruals of expenditures that existed as of June 30, 2007. Because these transactions were not recorded, interim financial information available to management during the year was not reliable or complete as a result.

Cause

Independence Visitor Center Corporation provides interim cash basis financial statements throughout the year. Adjustments are to be made prior to the audit to convert the books and records of Independence Visitor Center Corporation from the cash to accrual basis of accounting to be in accordance with GAAP. Many of the entries necessary to complete this conversion were not recorded timely.


INDEPENDENCE VISITOR CENTER CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Section II – Financial Statement Findings (continued)

Recommendation

We recommend that management consider producing GAAP basis financial statements throughout the year. In preparing GAAP basis financial statements, Independence Visitor Center Corporation should develop monthly closing procedures to include analyses of key balance sheet and income statement accounts performed as part of each month-end closing of the general ledger. Such procedures should include procedures to ensure that all accruals are properly accounted for in the period they were incurred. All adjustments resulting from the analyses should be posted each month. Responsibilities should be established for review of these reconciliations, analyses, and journal entries by an individual with adequate accounting knowledge to ensure their completeness, accuracy and reasonableness, before internal financial statements are distributed to management, the Finance Committee and the Board of Directors. We further recommend that the Board of Directors and management consider the necessity of hiring an individual with the qualifications and experience necessary to develop and monitor the fiscal needs and policies of an organization with diverse funding sources and reporting responsibilities.

Management's Response

Management of IVCC accepts the GR audit report and the finding that IVCC's Quickbooks financial records were not adequately reviewed prior to the beginning of the audit for the fiscal year ended June 30, 2007. Even accepting the auditor's conclusion that material adjustments to the financial statements were necessary, however, Management believes that the auditors applied the new auditing standards in a more conservative manner than necessary in reviewing IVCC's financial statements, and that their interpretations and the professional judgment they applied regarding the accounting procedures and applicable materiality threshold resulted in an audit report and management letter that was more critical of IVCC's financial statements than was necessary under the circumstances. 

Prior to commencement of the audit, Management of IVCC had advised the auditors that IVCC's financial statements were undergoing a transition from tracking income and expenses using the cash method of accounting to doing so using the accrual method of accounting, and that Management was attempting to the best of its ability under the circumstances, to ensure that the financials fully complied with GAAP before the audit began. However, due to time constraints, the audit fieldwork started quickly after the June 30, 2007 fiscal year-end, which resulted in an unreasonable compression of the time that otherwise might have been available to properly and adequately review the full year's financial information. As a consequence, some items may not properly have been accrued in the June 30, 2007 financial statements. Management anticipates, however, that this conversion process to the accrual method will soon be completed, and that IVCC's future financial statements will be in full compliance with accounting principles generally accepted in the United States of America due to the change in accounting methods.