



THE FLORIDA AQUARIUM, INC.
Consolidated Financial Statements
September 30, 2020 and 2019
(With Independent Auditors' Report Thereon)

THE FLORIDA AQUARIUM, INC.

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KPMG LLP
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Independent Auditors' Report

The Board of Directors
The Florida Aquarium, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Florida Aquarium, Inc. (the Aquarium), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Florida Aquarium, Inc. as of September 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

January 19, 2021

THE FLORIDA AQUARIUM, INC.

Consolidated Statements of Financial Position

September 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 2,897,674	6,025,859
Investments	1,047,967	1,036,185
Accounts receivable, net	394,045	448,876
Pledges receivable, net	—	155,000
Other current assets	119,650	128,971
Total current assets	4,459,336	7,794,891
Noncurrent assets:		
Investments	1,136,870	1,012,020
Notes receivable	—	3,715,801
Capital assets, net	20,023,391	20,724,742
Total noncurrent assets	21,160,261	25,452,563
Total assets	\$ 25,619,597	33,247,454
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,304,547	2,062,887
Current maturities of notes payable	—	449,037
Deferred revenue	1,705,970	2,112,109
Total current liabilities	4,010,517	4,624,033
Noncurrent liabilities:		
Notes payable, net of current maturities	1,983,795	5,465,175
Deferred revenue	2,168,072	2,481,528
Total liabilities	8,162,384	12,570,736
Net assets:		
Without donor restrictions	16,212,510	19,279,158
With donor restrictions	1,244,703	1,397,560
Total net assets	17,457,213	20,676,718
Total liabilities and net assets	\$ 25,619,597	33,247,454

See accompanying notes to consolidated financial statements.

THE FLORIDA AQUARIUM, INC.
Consolidated Statements of Activities
Year ended September 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and other support:			
Admissions	\$ 8,845,382	—	8,845,382
Gift shop sales, net	509,772	—	509,772
Restaurant sales, net	752,789	—	752,789
Parking revenue	478,469	—	478,469
Community programs revenue	283,612	—	283,612
Contributions, memberships, and grants	4,507,923	40,330	4,548,253
Miscellaneous revenue	240,904	—	240,904
Net assets released from restrictions	318,037	(318,037)	—
Total revenue and other support	<u>15,936,888</u>	<u>(277,707)</u>	<u>15,659,181</u>
Operating expenses:			
Program services:			
Biological operations	5,836,171	—	5,836,171
Education and learning	1,784,047	—	1,784,047
Life support and facilities	3,700,652	—	3,700,652
Guest services	3,543,054	—	3,543,054
Marketing and sales	2,623,728	—	2,623,728
Total program services	<u>17,487,652</u>	<u>—</u>	<u>17,487,652</u>
Support services:			
Executive, finance, and human resources	2,525,611	—	2,525,611
Development and membership	734,472	—	734,472
Total support services	<u>3,260,083</u>	<u>—</u>	<u>3,260,083</u>
Total operating expenses	<u>20,747,735</u>	<u>—</u>	<u>20,747,735</u>
Operating loss before other income (expenses)	<u>(4,810,847)</u>	<u>(277,707)</u>	<u>(5,088,554)</u>
Other income (expenses):			
Interest income	7,962	—	7,962
Interest expense	(67,856)	—	(67,856)
Gain on disposal of capital assets	1,000	—	1,000
Change in value of beneficial interest in assets held by The Community Foundation	—	5,341	5,341
Unrealized gain on investments	11,782	119,509	131,291
Gain on New Markets Tax Credits unwinding	1,791,311	—	1,791,311
Total other income (expenses)	<u>1,744,199</u>	<u>124,850</u>	<u>1,869,049</u>
Change in net assets	<u>(3,066,648)</u>	<u>(152,857)</u>	<u>(3,219,505)</u>
Net assets, beginning of year	<u>19,279,158</u>	<u>1,397,560</u>	<u>20,676,718</u>
Net assets, end of year	<u>\$ 16,212,510</u>	<u>1,244,703</u>	<u>17,457,213</u>

See accompanying notes to consolidated financial statements.

THE FLORIDA AQUARIUM, INC.
Consolidated Statements of Activities
Year ended September 30, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and other support:			
Admissions	\$ 14,750,169	—	14,750,169
Gift shop sales, net	853,254	—	853,254
Restaurant sales, net	1,304,745	—	1,304,745
Parking revenue	694,868	—	694,868
Community programs revenue	651,837	—	651,837
Contributions, memberships, and grants	3,502,143	178,521	3,680,664
Miscellaneous revenue	323,631	—	323,631
Net assets released from restrictions	654,640	(654,640)	—
Total revenue and other support	<u>22,735,287</u>	<u>(476,119)</u>	<u>22,259,168</u>
Operating expenses:			
Program services:			
Biological operations	5,551,414	—	5,551,414
Education	1,962,377	—	1,962,377
Life support and facilities	4,837,180	—	4,837,180
Guest services	3,433,277	—	3,433,277
Marketing and sales	2,872,659	—	2,872,659
Total program services	<u>18,656,907</u>	<u>—</u>	<u>18,656,907</u>
Support services:			
Executive, finance, and human resources	2,608,706	—	2,608,706
Development and membership	980,852	—	980,852
Total support services	<u>3,589,558</u>	<u>—</u>	<u>3,589,558</u>
Total operating expenses	<u>22,246,465</u>	<u>—</u>	<u>22,246,465</u>
Operating income before other income (expenses)	<u>488,822</u>	<u>(476,119)</u>	<u>12,703</u>
Other income (expenses):			
Interest income	37,176	—	37,176
Interest expense	(170,412)	—	(170,412)
Change in value of beneficial interest in assets held by The Community Foundation	—	1,893	1,893
Unrealized gain on investments	29,385	32,996	62,381
Gain on settlement agreement, net	47,886	—	47,886
Total other income (expenses)	<u>(55,965)</u>	<u>34,889</u>	<u>(21,076)</u>
Change in net assets	432,857	(441,230)	(8,373)
Net assets, beginning of year	<u>18,846,301</u>	<u>1,838,790</u>	<u>20,685,091</u>
Net assets, end of year	<u>\$ 19,279,158</u>	<u>1,397,560</u>	<u>20,676,718</u>

See accompanying notes to consolidated financial statements.

THE FLORIDA AQUARIUM, INC.

Consolidated Statements of Cash Flows

Years ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (3,219,505)	(8,373)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,859,397	1,732,127
Amortization of deferred financing costs	43,937	58,584
Gain on disposal of capital assets	(1,000)	—
Gain on New Markets Tax Credits unwinding	(1,791,311)	—
Provision for uncollectible receivables	(279)	—
Write-off of uncollectible receivables	27,880	—
Contributions received for long-term purposes	(619,541)	(166,191)
Change in value of beneficial interest in assets held by The Community Foundation	(5,341)	(1,893)
Unrealized gain on investments	(131,291)	(62,381)
Changes in operating assets and liabilities:		
Accounts receivable	27,230	3,698
Pledges receivable	155,000	92,032
Other current assets	9,321	(10,928)
Accounts payable and accrued expenses	(206,299)	376,321
Deferred revenue	(719,595)	21,959
Net cash (used in) provided by operating activities	(4,571,397)	2,034,955
Cash flows from investing activities:		
Proceeds from sale of capital assets	1,000	—
Purchase of capital assets	(710,087)	(1,506,376)
Net cash used in investing activities	(709,087)	(1,506,376)
Cash flows from financing activities:		
Cash received from contributions for long-term purposes	619,541	166,191
Repayments of notes payable	(449,037)	—
Exercise New Market Tax Credits put/call agreements	(2,000)	—
Proceeds from notes payable	1,983,795	—
Net cash provided by financing activities	2,152,299	166,191
Net (decrease) increase in cash and cash equivalents	(3,128,185)	694,770
Cash and cash equivalents, beginning of year	6,025,859	5,331,089
Cash and cash equivalents, end of year	\$ 2,897,674	6,025,859
Supplemental disclosures of cash flow information:		
Cash paid for interest on notes payable	\$ 23,919	111,828
Purchases of capital assets included in accounts payable and accrued expenses	447,959	64,739

See accompanying notes to consolidated financial statements.

THE FLORIDA AQUARIUM, INC.

Consolidated Statements of Functional Expenses

Year ended September 30, 2020

	Program services					Support services			Total	
	Biological operations	Education and learning	Life support and facilities	Guest services	Marketing and sales	Total program services	Executive, finance, and HR	Development and membership		Total support services
Operating expenses:										
Salaries and benefits	\$ 3,906,100	1,466,881	1,530,526	1,613,134	851,118	9,367,759	1,428,725	541,112	1,969,837	11,337,596
Advertising and promotions	20,000	—	—	—	1,080,177	1,100,177	29,753	36,487	66,240	1,166,417
Occupancy related	327,164	88,339	1,400,862	158,074	30,919	2,005,358	44,169	30,919	75,088	2,080,446
Insurance	124,831	60,459	82,866	114,348	4,837	387,341	46,205	4,837	51,042	438,383
Professional services	29,642	34,996	100,779	947,497	171,686	1,284,600	474,590	64,709	539,299	1,823,899
Animals, plants, and food	489,595	—	3,283	—	—	492,878	—	—	—	492,878
Printing and postage	33,838	3,680	48,044	47	10,302	95,911	14,169	23,003	37,172	133,083
Supplies and materials	295,486	46,120	225,861	120,076	9,249	696,792	52,265	23,468	75,733	772,525
Travel and professional development	40,011	11,960	6,872	17,195	27,082	103,120	128,478	8,938	137,416	240,536
Other operating expenses	74,470	—	1,431	19,995	—	95,896	306,329	350	306,679	402,575
Depreciation expense	495,034	71,612	300,128	552,688	438,358	1,857,820	928	649	1,577	1,859,397
Total operating expenses	\$ 5,836,171	1,784,047	3,700,652	3,543,054	2,623,728	17,487,652	2,525,611	734,472	3,260,083	20,747,735

See accompanying notes to consolidated financial statements.

THE FLORIDA AQUARIUM, INC.
Consolidated Statements of Functional Expenses
Year ended September 30, 2019

	Program services					Support services			Total	
	Biological operations	Education and learning	Life support and facilities	Guest services	Marketing and sales	Total program services	Executive, finance, and HR	Development and membership		Total support services
Operating expenses:										
Salaries and benefits	\$ 3,433,463	1,444,667	1,785,255	1,463,496	1,126,264	9,253,145	1,461,711	618,004	2,079,715	11,332,860
Advertising and promotions	45,000	—	—	—	933,879	978,879	5,551	65,408	70,959	1,049,838
Occupancy related	393,382	95,373	2,184,765	340,335	33,381	3,047,236	47,687	33,381	81,068	3,128,304
Insurance	111,355	56,593	78,238	106,717	4,527	357,430	43,400	4,527	47,927	405,357
Professional services	20,087	114,375	69,143	762,574	197,812	1,163,991	387,724	125,661	513,385	1,677,376
Animals, plants, and food	648,208	—	2,814	—	—	651,022	—	—	—	651,022
Printing and postage	33,609	11,518	90,796	116	13,862	149,901	8,700	52,407	61,107	211,008
Supplies and materials	340,756	147,089	268,962	190,618	47,318	994,743	59,757	49,749	109,506	1,104,249
Travel and professional development	67,446	22,409	37,612	17,062	81,367	225,896	165,705	31,157	196,862	422,758
Other operating expenses	67,222	—	4,593	31,189	39	103,043	428,173	350	428,523	531,566
Depreciation expense	390,886	70,353	315,002	521,170	434,210	1,731,621	298	208	506	1,732,127
Total operating expenses	\$ 5,551,414	1,962,377	4,837,180	3,433,277	2,872,659	18,656,907	2,608,706	980,852	3,589,558	22,246,465

See accompanying notes to consolidated financial statements.

THE FLORIDA AQUARIUM, INC.

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

(1) Summary of Significant Accounting Policies

(a) Organization

The Florida Aquarium, Inc. (the Aquarium) was incorporated on December 12, 1986 in the State of Florida, as a not-for-profit organization. Construction of an aquarium (the Facility) was completed and opened to the public in March 1995. In October 1996, the Aquarium sold the Facility and related assets to the City of Tampa, Florida (the City), and entered into an agreement with the City for management of the Facility (the Management Agreement). That Management Agreement expired on September 30, 2009. A new 30-year (with two automatic 10-year extensions) Lease and Operating Agreement (the Operating Agreement) was executed and became effective on October 1, 2009. The Operating Agreement defines the rights and obligations of the City and Aquarium management. The Aquarium's mission is to entertain, educate, and inspire stewardship about our natural environment, with a vision to protect and restore our blue planet.

The Florida Aquarium Foundation, Inc. (the Foundation) was incorporated October 10, 1996 in the State of Florida, as a not-for-profit organization. The Foundation was created to solicit and receive contributions or other support to be disbursed and used for charitable, educational, and specific purposes, including the making of distributions for such purposes to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986, as amended. Unless otherwise determined by the Foundation's Board of Directors, the recipient of such distributions shall be the Aquarium. As the Foundation's Board of Directors are required to be appointed and elected by the Aquarium's Board of Directors, and the purpose of the Foundation is to support the Aquarium, the financial activities of the Aquarium and the Foundation have been consolidated. All significant intercompany balances and transactions have been eliminated in consolidation.

Collectively, the organizations are hereafter referred to as the Aquarium.

(b) Basis of Accounting

The consolidated financial statements of the Aquarium have been prepared using the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

All financial transactions have been recorded and reported as either net assets without donor restrictions or with donor restrictions, based on the presence or absence of donor-imposed restrictions.

- Net assets without donor restrictions consist of unrestricted amounts that are available for use in carrying out the program and support services and operations of the Aquarium.
- Net assets with donor restrictions represent those amounts from donors that are not available until future periods and/or are restricted by the donor for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restrictions. Donor restricted contributions that are received and expended in the same fiscal year are classified as contributions without donor restrictions in the accompanying financial statements. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported

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Notes to Consolidated Financial Statements

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as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Aquarium reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Net assets with donor restrictions also include endowment funds and a beneficial interest in assets held by The Community Foundation of Tampa Bay (The Community Foundation). These donors mandate that the original principal be invested in perpetuity. Any realized or unrealized gains/losses and income on donor restricted endowments are recognized as net assets with donor restrictions until authorized for spending by the Aquarium.

(c) Fair Value Measurements

The Aquarium utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Aquarium determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

See note 3 to the consolidated financial statements.

(d) Liquidity

Assets are presented in the accompanying consolidated financial statements according to their nearness to cash and liabilities according to their nearness to maturity and resulting use of cash. Financial assets available for general expenditures that are without donor or other restrictions limiting their use within one year are described in note 16 to the consolidated financial statements.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash held in commercial checking accounts and cash held in money market accounts with original maturities of 90 days or less.

Cash equivalents held for investment that are managed as part of the Aquarium's investments are reported within investments in the consolidated statements of financial position. Cash equivalents held for investments are excluded from cash in the consolidated statements of cash flows as these funds are not used for operating needs.

(f) Accounts Receivable, Net

Accounts receivable is recorded at the invoiced amount and does not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The Aquarium maintains an allowance for doubtful accounts for estimated

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Notes to Consolidated Financial Statements

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losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and the Aquarium's customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Aquarium reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. There were \$27,880 in write-offs in 2020 and none in 2019.

(g) Investments

Investments include common stock, mutual funds, certificates of deposit, and U.S. treasuries reported at fair value based on quoted market rates, plus accrued interest and dividends; a beneficial interest in the assets of The Community Foundation that is carried at fair value; and cash equivalents that are held for long-term endowment purposes. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income is restricted by donors or law.

(h) Capital Assets, Net

Furniture, equipment, boats/vehicles, and leasehold improvements are capitalized if the original cost equals or exceeds \$5,000; and are stated at cost, if purchased, or at estimated fair value at date of receipt, if acquired by gift. Depreciation is recognized over the estimated useful lives of the assets of 3–5 years using the straight-line method. An exception is given to leasehold improvements associated with the Facility, which is leased from the City, which are depreciated over a useful life of up to 30 years. Maintenance, repairs, and minor renewals are expensed as incurred.

(i) Capitalized Interest

The Aquarium's policy is to capitalize interest cost incurred on debt during the construction of major projects. No interest was capitalized for the years ended September 30, 2020 and 2019.

(j) Income Taxes

The Aquarium and Foundation are not-for-profit organizations described in Section 501(c)(3) of the IRC, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC, and are also exempt from state income taxes. Management believes that the unrelated business income generated by the Aquarium is not material to the consolidated financial statements.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management asserts that no such uncertain tax positions exist for the Aquarium at September 30, 2020 and 2019.

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Notes to Consolidated Financial Statements

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(k) Revenue Recognition

In the absence of donor restrictions, contributions are considered to be available for unrestricted use and related income is recognized in the period when the contribution, pledge, or unconditional promise to give is received.

Government funding and grants are recorded as revenue without donor restrictions as funds have been reimbursed for expenditures made for specific needs of the Aquarium.

Deferred revenue represents amounts collected from customers as deposits on future events at the Aquarium; ticket sales made by customers prior to their visit; and contributions from members for annual memberships. Deposits for future events are recognized as revenue when the events take place; advance ticket sales are recognized as revenue when redeemed for admission; and amounts collected for annual memberships are recognized ratably over the membership period.

Deferred revenue also includes the unamortized portion of a total of \$4.7 million originally received from the Aquarium's restaurant concessionaire for improvements to the food service operations, event center construction, outdoor catering spaces, and a 10 year contract extension. In accordance with the contract terms, the amount is to be amortized on a straight-line basis over the term of the contract. If the contract is terminated by either party, the Aquarium is responsible for refunding the unamortized balance to the concessionaire. The unamortized portion in current deferred revenue at September 30, 2020 and 2019 is \$313,456. The noncurrent portion is \$2,168,072 and \$2,481,528 at September 30, 2020 and 2019, respectively.

Revenue recognized from gift shop, restaurant, and photography sales relates to sales of products or services for which the Aquarium receives revenue based on a contractually defined commission structure.

(l) Use of Estimates

The preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles requires management of the Aquarium to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of capital assets, the allowance for doubtful accounts, and allowance for doubtful pledges.

(m) Functional Allocation of Expenses

The Aquarium tracks expenses by natural classification (utilities, etc.), department (biological operations, etc.), and program, if applicable, as part of normal operations. Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are allocated to program and support services based on various factors determined by management, including number of staff in each department, time charged to the function, and use of capital assets. The Aquarium's program services are classified within the following: biological operations (husbandry, conservation, veterinary care, dive operations, and horticulture); education and learning (instructors, exhibit educators, community programs, and reservations); life support and facilities (including graphics and exhibits); guest services (admissions, reception, Eco-tour boat, parking, safety and security, and

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environmental services); and marketing and sales, including public relations. The Aquarium's support services include the executive, finance, and human resources functions (including volunteer services); and development and membership (responsible for all fundraising activities).

(n) Contributed Services

Contributions of services are recognized in the consolidated financial statements if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Community members volunteer in all areas of Aquarium operations. The Aquarium has approximately 500 active volunteers who contributed 30,854 and 51,985 hours of service for fiscal years 2020 and 2019, respectively. A dollar valuation of this effort is not reflected in the consolidated financial statements given the nature of the services contributed.

(o) Going Concern

In accordance with FASB Accounting Standards Update (ASU) 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, management has assessed the Aquarium's ability to continue as a going concern for one year after the date that the financial statements are issued and determined that no further disclosure is required.

(2) Cash, Cash Equivalents, and Investments

The Aquarium's investment policy authorizes investments in U.S. government obligations and direct obligations of U.S. government agencies, equities, and short-term money markets composed of certificates of deposit, money market funds, and repurchase agreements. The policy specifically prohibits investments in certain items such as derivatives, commodities, foreign securities listed solely outside the United States of America, direct real estate or mortgages, and security loans. At September 30, 2020 and 2019, cash, cash equivalents, and investments are classified as follows:

	2020	
	Cost	Fair value
Cash and cash equivalents	\$ 2,897,674	2,897,674
Vanguard 500 Index Mutual Funds	252,337	913,151
Money market fund	776,928	776,928
Certificates of deposit	270,000	271,039
Cash equivalents held for investment	97,417	97,417
Common stock	2,489	9,430
Beneficial interest in assets held by The Community Foundation	50,000	116,872
Sub-total investments	1,449,171	2,184,837
Total cash, cash equivalents, and investments	\$ 4,346,845	5,082,511

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	2019	
	Cost	Fair value
Cash and cash equivalents	\$ 6,025,859	6,025,859
Vanguard 500 Index Mutual Funds	254,932	793,295
Money market fund	254,692	254,692
U.S. Treasuries	776,465	781,493
Cash equivalents held for investment	97,290	97,290
Common stock	2,489	9,904
Beneficial interest in assets held by The Community Foundation	50,000	111,531
Sub-total investments	<u>1,435,868</u>	<u>2,048,205</u>
Total cash, cash equivalents, and investments	<u>\$ 7,461,727</u>	<u>8,074,064</u>

Of the cash and cash equivalents, \$107,833 and \$230,540 is restricted by the donor at September 30, 2020 and 2019, respectively, for the following purposes:

	2020	2019
Education programs	\$ 81,827	94,724
Animal care and conservation projects	26,006	135,816
Total donor restricted cash and cash equivalents	<u>\$ 107,833</u>	<u>230,540</u>

(3) Fair Value Measurements

(a) Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Aquarium's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Aquarium based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, as well as available observable and unobservable inputs.

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(b) Fair Value Hierarchy

The tables below summarize the fair values of financial assets that are measured at fair value on a recurring and nonrecurring basis as of September 30, 2020 and 2019:

	<u>September 30, 2020</u>	<u>Fair value measurements at reporting date using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Assets:				
Recurring:				
Cash and cash equivalents	\$ 2,897,674	2,897,674	—	—
Vanguard 500 Index Mutual Funds	913,151	913,151	—	—
Money market fund	776,928	776,928	—	—
Certificates of deposit	271,039	271,039	—	—
Cash equivalents held for investment	97,417	97,417	—	—
Common stock	9,430	9,430	—	—
Beneficial interest in assets held by The Community Foundation	116,872	—	116,872	—
Total recurring	5,082,511	4,965,639	116,872	—
Nonrecurring:				
Pledges receivable, net	—	—	—	—
Total assets	\$ 5,082,511	4,965,639	116,872	—

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Notes to Consolidated Financial Statements

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		<u>Fair value measurements at reporting date using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
	<u>September 30, 2019</u>			
Assets:				
Recurring:				
Cash and cash equivalents	\$ 6,025,859	6,025,859	—	—
Vanguard 500 Index Mutual Funds	793,295	793,295	—	—
Money market fund	254,692	254,692	—	—
U.S. Treasuries	781,493	781,493	—	—
Cash equivalents held for investment	97,290	97,290	—	—
Common stock	9,904	9,904	—	—
Beneficial interest in assets held by The Community Foundation	111,531	—	111,531	—
Total recurring	8,074,064	7,962,533	111,531	—
Nonrecurring:				
Pledges receivable, net	155,000	—	—	155,000
Total assets	<u>\$ 8,229,064</u>	<u>7,962,533</u>	<u>111,531</u>	<u>155,000</u>

The Aquarium's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended September 30, 2020 or 2019.

(4) Accounts Receivable, Net

Accounts receivable, net at September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Customers	\$ 335,188	366,020
Aramark Sports & Entertainment Services, Inc.	23,056	71,073
Event Network, Inc.	40,753	56,490
Magic Memories (USA) LLC	23,048	10,894
Less allowance for doubtful accounts	(28,000)	(55,601)
Accounts receivable, net	<u>\$ 394,045</u>	<u>448,876</u>

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(5) Pledges Receivable, Net

The pledges receivable, net balance of \$155,000 at September 30, 2019 was collected in full in 2020. No additional pledges receivable have been received and recognized.

(6) Notes Receivable

To initiate the New Market Tax Credit (NMTC) transaction described in note 12, the Foundation issued a leveraged loan to UDF/USBCDC Florida Fund XXVIII, LLC (UDF/USBCDC) of \$3,715,801 on June 28, 2013. As collateral for the note, the Foundation was granted a security interest in UDF/USBCDC's 99.99% ownership interests in Urban Development Fund XXVIII, LLC (UDF XXVIII). The note required 1% interest only quarterly payments (\$9,290) during the mandatory seven year NMTC compliance period. In December 2019, the seven year compliance period ended. The put/call agreements described in note 12 were exercised on December 17, 2019 and the Foundation acquired the interests in UDF XXVIII. The Foundation's leveraged loan to UDF/USBCDC of \$3,715,801 was canceled as a result of the NMTC unwinding process.

(7) Capital Assets

Capital assets at September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 2,870,875	2,827,773
Eco-tour boat	1,227,629	1,227,629
Vehicles	376,908	396,601
Leasehold improvements	25,438,767	24,755,343
Construction in progress	689,691	258,171
	<u>30,603,870</u>	<u>29,465,517</u>
Less accumulated depreciation	<u>(10,580,479)</u>	<u>(8,740,775)</u>
Capital assets, net	<u>\$ 20,023,391</u>	<u>20,724,742</u>

As per the Operating Agreement through September 30, 2039, the Aquarium is leasing the Facility from the City for \$10 per year for a period of 30 years unless sooner terminated, and provides further that the lease shall automatically be renewed for two successive 10-year terms unless any party gives the other party 180 days' notice of termination of the lease agreement prior to the expiration of any term. According to information provided by the City, the estimated insured value of the Facility (excluding contents) is approximately \$49 million.

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Notes to Consolidated Financial Statements

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(8) Notes Payable

Notes payable at September 30, 2020 and 2019 are as follows:

	2020	2019
Payroll Protection Program loan	\$ 1,983,795	—
NMTC promissory notes	—	5,958,149
Less current maturities	—	(449,037)
Less unamortized deferred financing costs	—	(43,937)
Notes payable	\$ 1,983,795	5,465,175

On April 20, 2020, the Aquarium received loan proceeds of \$1,983,795 under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Securities Act (CARES Act), administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% and matures on April 24, 2022. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. As amended by the Flexibility Act to the PPP, the Aquarium has 10 months to apply for loan forgiveness after the end of the Aquarium's 24-week covered period. The payment of monthly principal and interest is deferred until the forgiveness application is approved (or denied) by the SBA. The Aquarium used the proceeds for purposes consistent with the PPP – primarily to cover payroll costs. While the Aquarium currently believes that its use of the loan proceeds will meet the conditions for full forgiveness of the loan, complete assurance is unknown until the forgiveness application is submitted and reviewed by the SBA. The loan is reflected as a long-term note payable at September 30, 2020 until the forgiveness decision is received. Accrued interest of approximately \$8,700 would be owed as of September 30, 2020, if full forgiveness is not granted. This amount has not been reflected in the accompanying financial statements.

In association with the NMTC transaction described in note 12, the Aquarium executed three promissory notes with UDF XXVIII on June 28, 2013. The first note (A) of \$3,715,801 required 1% quarterly interest only payments (\$9,290) through the end of the mandatory seven year compliance period. The second note (B) of \$1,068,785 required 3.33% quarterly interest only payments (\$8,898) through the end of the mandatory seven year compliance period. The final note (C) of \$1,173,563 required 3.33% quarterly interest only payments (\$9,770) through the end of the mandatory seven year compliance period. On December 13, 2019, a mandatory principal payment of \$449,037 was due and paid. On December 17, 2019, the seven year compliance period ended. The anticipated put/call agreements described in note 12 were exercised. The Foundation acquired the interests in UDF XXVIII whose only assets are the promissory notes, and UDF XXVIII was liquidated. The Foundation then held the debt and the remaining debt obligation of approximately \$5.5 million was canceled with the Aquarium.

To ensure cash liquidity and financial stability during challenging economic conditions and in the midst of the global Coronavirus pandemic, the Aquarium secured a \$5 million revolving line of credit with a financial institution on August 26, 2020 for a 3-year term. Variable interest at a rate of 1-month LIBOR +1.75%, with a rate floor of 2.00% is payable monthly on any outstanding advance. All outstanding principal is payable at maturity. As of September 30, 2020, no advances have been requested or disbursed.

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The principal maturities of the note payable for the years subsequent to September 30, 2020 are due as follows:

2021	\$	—
2022		1,983,795
2023		—
2024		—
2025		—
Beyond		—
	\$	<u>1,983,795</u>

(9) Restrictions and Limitations on Net Assets

Net assets with donor restrictions of \$1,244,703 and \$1,397,560 at September 30, 2020 and 2019, respectively, are composed of the following donor categories:

	<u>2020</u>	<u>2019</u>
Donor restrictions for specified purposes or time:		
Education programs	\$ 81,827	94,724
Animal care and conservation projects	26,006	135,816
Rising Tides expansion project	—	155,000
Total donor restrictions for specified purposes or time	<u>107,833</u>	<u>385,540</u>
Donor restrictions in perpetuity:		
General endowment	200,447	200,447
Beneficial interest in assets held by The Community Foundation	116,872	111,531
Total donor restrictions in perpetuity	<u>317,319</u>	<u>311,978</u>
Unappropriated endowment earnings	<u>819,551</u>	<u>700,042</u>
Net assets with donor restrictions	<u>\$ 1,244,703</u>	<u>1,397,560</u>

Net assets of \$318,037 and \$654,640 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended September 30, 2020 and 2019, respectively.

(10) Endowments

FASB ASC Subtopic 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FASB ASC Subtopic 958-205 also requires enhanced disclosures about an

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organization's endowment funds, whether or not the organization is subject to an enacted version of UPMIFA. These disclosures shall enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policy, and related investment policy of its endowment funds (both donor restricted and board designated).

(a) Interpretation of Relevant Law

As of July 1, 2013, the Aquarium follows UPMIFA. The Aquarium's management, in working with the Aquarium's and Foundation's Board of Directors, has interpreted UPMIFA as requiring the preservation of the original endowment gift value on the gift date by the donor, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Aquarium classifies as donor restricted net assets in perpetuity (a) the original value of gifts donated to the endowment held in perpetuity, (b) the original value of subsequent gifts to the endowment held in perpetuity, and (c) although not applicable prior to July 1, 2012, any future accumulations to the endowment held in perpetuity that are made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Aquarium considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Aquarium and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Aquarium.
- The investment policies of the Aquarium.

(b) Fund Deficiencies

UPMIFA includes guidelines about what constitutes prudent spending. Aquarium donors may place purpose restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds. If the fair value of assets associated with individual donor-restricted endowment funds falls below the level that UPMIFA requires the Aquarium to retain as permanently restricted, these deficiencies are reported in net assets with donor restrictions. These deficiencies can result from unfavorable market conditions and fluctuations. There were no such deficiencies at September 30, 2020 or 2019.

(c) Return Objective and Risk Parameters

The investment objectives for the Aquarium are stated below in order of importance:

- a. Growth of Capital – Emphasis on long-term growth of the investment assets. The returns should meet or exceed appropriate benchmark indices while incurring less risk than such benchmarks/indices.

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- b. Preservation of Purchasing Power after Spending – Asset growth that exceeds spending plus inflation over a three-year period.
- c. The investment goal of the equity portfolio is that the annual return will match and/or exceed appropriate performance benchmark(s) by investment style to the asset managers selected.

The Aquarium’s Board of Directors recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation and U.S. dollar depreciation) are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, as evidenced by high volatility and low quality rated securities, the assumption of risk is warranted and encouraged in order to allow the asset manager the opportunity to achieve satisfactory long-term results consistent with the goals, objectives, and character of the Aquarium. All assets selected for the portfolio must have a readily ascertainable market value, and must be readily marketable.

(d) Strategies Employed for Achieving Objectives

To meet the needs of the Aquarium, the Aquarium’s investment strategy emphasizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) by following the strategies outlined above.

(e) Spending Policy and How the Investment Objective Relates to Spending Policy

The Aquarium’s Board of Directors has adopted a spending policy that governs the annual distributions from the endowment funds that may be expended for current operations of the Aquarium. This policy authorizes the Aquarium to distribute from its endowment funds up to 5% of the value, excluding any illiquid securities or assets, at the beginning of the Aquarium’s fiscal year in quarterly installments. No distributions from the endowment investments have ever been made. All income earned has been reinvested in endowment principal.

Changes in endowment funds consist of the following for the year ended September 30, 2020:

	Without donor restrictions	With donor restrictions	Total
Total endowment funds at September 30, 2019	\$ —	1,012,020	1,012,020
Contributions	—	—	—
Investment return	—	119,509	119,509
Change in value of beneficial interests	—	5,341	5,341
Total endowment funds at September 30, 2020	\$ —	1,136,870	1,136,870

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Changes in endowment funds consist of the following for the year ended September 30, 2019:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Total endowment funds at September 30, 2018	\$ —	977,131	977,131
Contributions	—	—	—
Investment return	—	32,996	32,996
Change in value of beneficial interests	—	1,893	1,893
Total endowment funds at September 30, 2019	<u>\$ —</u>	<u>1,012,020</u>	<u>1,012,020</u>

(11) Retirement Savings Plan

Effective January 1, 1994, a retirement savings plan was established pursuant to IRC Section 403(b). Substantially all employees are eligible to participate in the plan. Contributions are made at the discretion of the Board of Directors. Contributions totaling \$26,704 and \$20,210, included in the accompanying consolidated statements of activities, were made for the years ended September 30, 2020 and 2019, respectively.

(12) New Markets Tax Credits Transaction

On June 28, 2013, the Aquarium, the Foundation, Urban Development Fund [(UDF), an IRS approved Community Development Entity (CDE)], and US Bancorp (tax credit investor) closed on a series of transactions in order to facilitate the use of both the federal and state of Florida new markets tax credits (NMTC) program to provide funding for the Aquarium. The NMTC program permits tax credit investors to claim credits against state and federal income taxes for Qualified Equity Investments (QEIs) made to CDEs, which provide Qualified Low Income Community Investment (QLICI) loans to Qualified Active Low Income Community Businesses (QALICBs). The taxpayer, US Bancorp, is provided with tax credits that equal 39% of the QEI, realized over a seven year period. UDF and US Bancorp formed several legal entities to execute this transaction, including UDF/USBCDC, and UDF XXVIII.

The Foundation advanced approximately \$3.7 million via a leveraged loan to UDF/USBCDC, as described in note 6. US Bancorp provided an investment of approximately \$2.2 million into UDF/USBCDC. There is no requirement for repayment of this investment as long as compliance with the NMTC agreements is maintained. Subsequently, UDF/USBCDC provided approximately \$5.9 million QEI to UDF XXVIII. The \$5.9 million was then loaned by UDF XXVIII to the Aquarium in the form of three QLICI promissory notes, as described in note 8.

In conjunction with the transaction, the Foundation entered into put/call agreements with the UDF and US Bancorp-related entities that own UDF/USBCDC. These put/call agreements will either obligate or entitle the Foundation to repurchase the interests in the CDEs at the end of the mandatory seven year compliance period.

The NMTCs were subject to 100% recapture for a period of seven years as described in the IRC. The Aquarium complied with all various regulations and contractual provisions that applied to the NMTC arrangement. Noncompliance could have resulted in projected tax benefits not being realized, requiring the Aquarium to indemnify the tax credit investors for any loss or recapture of NMTCs.

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Direct costs incurred in structuring and executing the NMTC transaction totaled \$405,155 and had been deferred and amortized as expense over the expected term of the notes, which was seven years. Incremental costs to maintain the structure during the compliance period were expensed as incurred.

The approximately \$5.9 million in proceeds received from the QLICI loans were used for Aquarium operations, repairs and maintenance, new exhibitory, and the Rising Tides expansion. The funds were expended by June 30, 2014.

The seven year mandatory NMTC compliance period ended in December 2019. With that, the anticipated put/call agreements were exercised on December 17, 2019 for \$2,000 and the Foundation acquired the interests in UDF XXVIII. The Foundation's leveraged loan to UDF/USBCDC of \$3,715,801 was canceled, and as of December 17, 2019 the Foundation held the \$5,509,112 balance of the three promissory notes to the Aquarium (after the \$449,037 principal payment made in December 2019). As a result of the NMTC unwinding process, the three promissory notes were canceled and a noncash net gain of \$1,791,311 was recognized in the accompanying consolidated statements of activities for the year ended September 30, 2020. The remaining unamortized balance of the deferred financing costs was expensed in December 2019. Legal fees for the NMTC unwinding process were expensed as incurred. There are no remaining contingencies or obligations related to the NMTC transactions.

(13) Commitments and Contingencies

(a) Grant Funding

The Aquarium participates in various federal and state-assisted grant programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of the Aquarium. Management has concluded that the ultimate disallowance pertaining to these regulations, if any, would be immaterial to the overall financial condition of the Aquarium.

(b) Insurance Claims

The Aquarium is involved in certain claims arising from the ordinary course of operations, and has purchased commercial insurance policies to cover these risks. In the opinion of the Aquarium and legal counsel, the range of potential liabilities will not materially affect the financial position of the Aquarium.

(c) 4-D Attraction Operating Lease Agreement

On August 3, 2016, the Aquarium entered into an operating lease agreement to install and operate a 4-D theatre attraction with a third-party (4-D Contractor). The agreement provides for the 4-D Contractor to install equipment and provide licensed film property and services for the 4-D attraction. The Aquarium operates the 4-D attraction on a daily basis. The 4-D Contractor provided a \$125,000 contribution to the Aquarium to assist with the installation of the 4-D attraction. Beginning on October 1, 2017, the public opening of the 4-D attraction, through September 30, 2023, the Aquarium will pay \$350,000 annually, in quarterly installments, to the 4-D Contractor for the use of the equipment and licensed film property. This amount is included in guest services' operating expenses in the accompanying consolidated statements of activities during the years ended September 30, 2020 and 2019.

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(d) Deepwater Horizon Settlement

On March 22, 2016, the Aquarium completed negotiations and entered into a settlement agreement with British Petroleum (BP) under the Deepwater Horizon Economic and Property Damages Settlement Program, as compensation for damages arising out of the Deepwater Horizon event that occurred in 2010. On May 12, 2016, the Aquarium received payment for this claim of \$2,121,625, net of \$739,507 legal, accounting, and other settlement costs. On February 25, 2019, a second settlement of \$47,886 (net of \$16,024 in legal fees) was received from the Halliburton/Transocean Punitive Damage Settlement which was based upon the value of the original settlement. This amount is included as a component of other income in the 2019 consolidated statement of activities.

(e) Global Coronavirus Pandemic

The global Coronavirus pandemic (COVID-19) severely impacted the Aquarium's operations during the year ended September 30, 2020. Due to local mandates, the Aquarium closed to the public for approximately 2 months, and re-opened with limited visitor capacities and program offerings. A number of safety and health measures were taken to monitor and mitigate the effects of COVID-19 for visitors and staff. The impacts to revenues are noted in the accompanying consolidated statements of activities. To offset the revenue shortfalls, expense cuts were made where possible, without compromising animal care and health. Staff reductions occurred, but were minimal. Cash reserves were used to cover operating costs and manage vendor relations, and the PPP loan helped to ensure payroll costs were covered. A breakeven operating budget for the next 12 months has been prepared, with lowered revenue and expense projections to match the current operating conditions. The \$5 million revolving line of credit has been secured to ensure financial sustainability if COVID-19 continues to cause suppressed operations for the foreseeable future.

(14) Related-Party Transactions

Contributions, memberships, and grants for the years ended September 30, 2020 and 2019 include the following:

	<u>2020</u>	<u>2019</u>
Board of directors and trustees	\$ 263,370	198,299
City of Tampa	<u>437,400</u>	<u>437,400</u>
	<u>\$ 700,770</u>	<u>635,699</u>

(15) Concentrations of Credit Risk

The Aquarium maintains its cash and cash equivalents with large financial institutions. All accounts at each financial institution are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Aquarium has cash deposits which exceed the federally insured deposited amount. Management does not anticipate nonperformance by these financial institutions.

THE FLORIDA AQUARIUM, INC.

Notes to Consolidated Financial Statements

September 30, 2020 and 2019

(16) Availability and Liquidity

Financial assets available for general expenditures that are without donor or other restrictions limiting their use within one year of the consolidated statements of financial position date are comprised of the following at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,897,674	6,025,859
Less donor restricted cash and cash equivalents	(107,833)	(230,540)
Current investments	1,047,967	1,036,185
Accounts receivable, net	<u>394,045</u>	<u>448,876</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,231,853</u>	<u>7,280,380</u>

When establishing the business plan and annual budget each year, Aquarium management and the Board of Directors evaluate financial assets available to meet general expenditures over the year with predictable sources of earned revenue. These revenue sources are estimated from expected attendance levels and ticket sales, annual membership sales, ancillary revenues from retail sales and food and beverage commissions, other added-value experiences based on historical capture rates on attendance, and expected annual contributions through fundraising efforts. A balanced annual budget is required. Cash flow is then carefully managed in accordance with the annual budget approved by the Board of Directors, and financial assets are structured to be available as general expenditures, liabilities, and other obligations come due.

(17) Subsequent Events

The Aquarium has evaluated subsequent events from the consolidated statements of financial position date through January 19, 2021, the date the consolidated financial statements were available to be issued, and determined no other items should be disclosed.

THE FLORIDA AQUARIUM, INC.
Consolidating Statement of Financial Position
September 30, 2020

Assets	The Florida Aquarium, Inc.	The Florida Aquarium Foundation, Inc.	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 2,868,452	29,222	—	2,897,674
Investments	1,047,967	—	—	1,047,967
Accounts receivable, net	394,045	—	—	394,045
Pledges receivable, net	—	—	—	—
Other current assets	119,650	—	—	119,650
Total current assets	<u>4,430,114</u>	<u>29,222</u>	<u>—</u>	<u>4,459,336</u>
Noncurrent assets:				
Investments	1,038,536	98,334	—	1,136,870
Notes receivable	—	—	—	—
Capital assets, net	20,023,391	—	—	20,023,391
Total noncurrent assets	<u>21,061,927</u>	<u>98,334</u>	<u>—</u>	<u>21,160,261</u>
Total assets	<u>\$ 25,492,041</u>	<u>127,556</u>	<u>—</u>	<u>25,619,597</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	\$ 2,304,547	—	—	2,304,547
Current maturities of notes payable	—	—	—	—
Deferred revenue	1,705,970	—	—	1,705,970
Total current liabilities	<u>4,010,517</u>	<u>—</u>	<u>—</u>	<u>4,010,517</u>
Noncurrent liabilities:				
Notes payable, net of current maturities	1,983,795	—	—	1,983,795
Deferred revenue	2,168,072	—	—	2,168,072
Total liabilities	<u>8,162,384</u>	<u>—</u>	<u>—</u>	<u>8,162,384</u>
Net assets (deficit):				
Without donor restrictions	16,183,288	29,222	—	16,212,510
With donor restrictions	1,146,369	98,334	—	1,244,703
Total net assets	<u>17,329,657</u>	<u>127,556</u>	<u>—</u>	<u>17,457,213</u>
Total liabilities and net assets	<u>\$ 25,492,041</u>	<u>127,556</u>	<u>—</u>	<u>25,619,597</u>

See accompanying independent auditors' report.

THE FLORIDA AQUARIUM, INC.
Consolidating Statement of Activities
Year ended September 30, 2020

	The Florida Aquarium, Inc.	The Florida Aquarium Foundation, Inc.	Eliminations	Total
Revenue and other support:				
Admissions	\$ 8,845,382	—	—	8,845,382
Gift shop sales, net	509,772	—	—	509,772
Restaurant sales, net	752,789	—	—	752,789
Parking revenues	478,469	—	—	478,469
Community programs revenue	283,612	—	—	283,612
Contributions, memberships, and grants	4,548,253	—	—	4,548,253
Miscellaneous revenue	240,904	—	—	240,904
Total revenue and other support	<u>15,659,181</u>	<u>—</u>	<u>—</u>	<u>15,659,181</u>
Operating expenses:				
Program services:				
Biological operations	5,836,171	—	—	5,836,171
Education and learning	1,784,047	—	—	1,784,047
Life support and facilities	3,700,652	—	—	3,700,652
Guest services	3,543,054	—	—	3,543,054
Marketing and sales	2,623,728	—	—	2,623,728
Total program services	<u>17,487,652</u>	<u>—</u>	<u>—</u>	<u>17,487,652</u>
Support services:				
Executive, finance, and human resources	2,525,539	72	—	2,525,611
Development and membership	734,472	—	—	734,472
Total support services	<u>3,260,011</u>	<u>72</u>	<u>—</u>	<u>3,260,083</u>
Total operating expenses	<u>20,747,663</u>	<u>72</u>	<u>—</u>	<u>20,747,735</u>
Operating loss before other income (expenses)	<u>(5,088,482)</u>	<u>(72)</u>	<u>—</u>	<u>(5,088,554)</u>
Other income (expenses):				
Interest income	7,948	7,962	(7,948)	7,962
Interest expense	(67,856)	(7,948)	7,948	(67,856)
Gain on disposal of capital assets	1,000	—	—	1,000
Change in value of beneficial interest in assets held by The Community Foundation	5,341	—	—	5,341
Unrealized gain on investments	118,383	12,908	—	131,291
Gain on NMTC unwinding	1,759,112	32,199	—	1,791,311
Total other income (expenses)	<u>1,823,928</u>	<u>45,121</u>	<u>—</u>	<u>1,869,049</u>
Change in net assets	<u>(3,264,554)</u>	<u>45,049</u>	<u>—</u>	<u>(3,219,505)</u>
Net assets, beginning of year	<u>20,594,211</u>	<u>82,507</u>	<u>—</u>	<u>20,676,718</u>
Net assets, end of year	<u>\$ 17,329,657</u>	<u>127,556</u>	<u>—</u>	<u>17,457,213</u>

See accompanying independent auditors' report.