



**THE FLORIDA AQUARIUM, INC.**  
Consolidated Financial Statements  
September 30, 2021 and 2020  
(With Independent Auditors' Report Thereon)

# THE FLORIDA AQUARIUM, INC.

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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, 2021 and 2020, 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, 2021 and 2020, 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.

**KPMG LLP**

January 31, 2022

**THE FLORIDA AQUARIUM, INC.**

Consolidated Statements of Financial Position

September 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Cash and cash equivalents	\$ 15,414,200	2,897,674
Investments	5,000,021	1,047,967
Accounts receivable, net	265,864	237,484
Grants receivable, net	234,645	156,561
Other current assets	155,466	119,650
Total current assets	21,070,196	4,459,336
Noncurrent assets:		
Investments	1,443,666	1,136,870
Capital assets, net	19,875,751	20,023,391
Total noncurrent assets	21,319,417	21,160,261
Total assets	\$ 42,389,613	25,619,597
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,564,434	2,304,547
Current maturities of notes payable	—	—
Deferred revenue	2,341,799	1,705,970
Total current liabilities	4,906,233	4,010,517
Noncurrent liabilities:		
Notes payable, net of current maturities	1,983,795	1,983,795
Deferred revenue	1,854,616	2,168,072
Total liabilities	8,744,644	8,162,384
Net assets:		
Without donor restrictions	32,089,108	16,212,510
With donor restrictions	1,555,861	1,244,703
Total net assets	33,644,969	17,457,213
Total liabilities and net assets	\$ 42,389,613	25,619,597

See accompanying notes to consolidated financial statements.

**THE FLORIDA AQUARIUM, INC.**  
Consolidated Statements of Activities  
Year ended September 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and other support:			
Admissions	\$ 17,399,716	—	17,399,716
Gift shop sales, net	1,113,795	—	1,113,795
Restaurant sales, net	1,013,928	—	1,013,928
Parking revenue	1,019,359	—	1,019,359
Community programs revenue	267,100	—	267,100
Contributions, memberships, and grants	13,740,116	63,507	13,803,623
Miscellaneous revenue	174,174	—	174,174
Net assets released from restrictions	59,145	(59,145)	—
Total revenue and other support	<u>34,787,333</u>	<u>4,362</u>	<u>34,791,695</u>
Operating expenses:			
Program services:			
Animal care, health, and conservation	6,381,844	—	6,381,844
Education and learning	1,698,732	—	1,698,732
Life support and facilities	3,724,231	—	3,724,231
Guest services	3,024,362	—	3,024,362
Marketing and sales	2,205,454	—	2,205,454
Total program services	<u>17,034,623</u>	<u>—</u>	<u>17,034,623</u>
Support services:			
Executive, finance, and human resources	3,018,452	—	3,018,452
Development and membership	832,560	—	832,560
Total support services	<u>3,851,012</u>	<u>—</u>	<u>3,851,012</u>
Total operating expenses	<u>20,885,635</u>	<u>—</u>	<u>20,885,635</u>
Operating gain before other income (expenses)	<u>13,901,698</u>	<u>4,362</u>	<u>13,906,060</u>
Other income (expenses):			
Interest income	—	—	—
Interest expense	(32,448)	—	(32,448)
Gain on disposal of capital assets	—	—	—
Change in value of beneficial interest in assets held by The Community Foundation	—	29,641	29,641
Unrealized gain on investments	4,150	277,155	281,305
Paycheck Protection Program loan forgiveness	2,003,198	—	2,003,198
Gain on New Markets Tax Credits unwinding	—	—	—
Total other income (expenses)	<u>1,974,900</u>	<u>306,796</u>	<u>2,281,696</u>
Change in net assets	15,876,598	311,158	16,187,756
Net assets, beginning of year	<u>16,212,510</u>	<u>1,244,703</u>	<u>17,457,213</u>
Net assets, end of year	<u>\$ 32,089,108</u>	<u>1,555,861</u>	<u>33,644,969</u>

See accompanying notes to consolidated financial statements.

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

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
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	15,936,888	(277,707)	15,659,181
Operating expenses:			
Program services:			
Animal care, health, and conservation	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	17,487,652	—	17,487,652
Support services:			
Executive, finance, and human resources	2,525,611	—	2,525,611
Development and membership	734,472	—	734,472
Total support services	3,260,083	—	3,260,083
Total operating expenses	20,747,735	—	20,747,735
Operating loss before other income (expenses)	(4,810,847)	(277,707)	(5,088,554)
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)	1,744,199	124,850	1,869,049
Change in net assets	(3,066,648)	(152,857)	(3,219,505)
Net assets, beginning of year	19,279,158	1,397,560	20,676,718
Net assets, end of year	\$ 16,212,510	1,244,703	17,457,213

See accompanying notes to consolidated financial statements.

**THE FLORIDA AQUARIUM, INC.**  
Consolidated Statements of Cash Flows  
Years ended September 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Change in net assets	\$ 16,187,756	(3,219,505)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,958,788	1,859,397
Amortization of deferred financing costs	—	43,937
Gain on disposal of capital assets	—	(1,000)
Gain on New Markets Tax Credits unwinding	—	(1,791,311)
Paycheck Protection Program loan forgiveness	(2,003,198)	—
Recovery (Provision) for uncollectible receivables	18,000	(279)
Write-off of uncollectible receivables	—	27,880
Contributions received for long-term purposes	(1,722,156)	(619,541)
Change in value of beneficial interest in assets held by The Community Foundation	(29,641)	(5,341)
Unrealized gain on investments	(281,305)	(131,291)
Changes in operating assets and liabilities:		
Accounts receivable	(46,380)	103,221
Grants receivable	(78,084)	(75,991)
Pledges receivable	—	155,000
Other current assets	(35,816)	9,321
Accounts payable and accrued expenses	264,639	(206,299)
Deferred revenue	322,373	(719,595)
Net cash provided by (used in) operating activities	<u>14,554,976</u>	<u>(4,571,397)</u>
Cash flows from investing activities:		
Proceeds from sale of capital assets	—	1,000
Purchase of investments	(3,947,904)	—
Purchase of capital assets	(1,796,497)	(710,087)
Net cash used in investing activities	<u>(5,744,401)</u>	<u>(709,087)</u>
Cash flows from financing activities:		
Cash received from contributions for long-term purposes	1,722,156	619,541
Repayments of notes payable	—	(449,037)
Exercise New Market Tax Credits put/call agreements	—	(2,000)
Proceeds from notes payable	1,983,795	1,983,795
Net cash provided by financing activities	<u>3,705,951</u>	<u>2,152,299</u>
Net increase (decrease) in cash and cash equivalents	12,516,526	(3,128,185)
Cash and cash equivalents, beginning of year	<u>2,897,674</u>	<u>6,025,859</u>
Cash and cash equivalents, end of year	<u>\$ 15,414,200</u>	<u>2,897,674</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest on notes payable	\$ —	23,919
Paycheck Protection Program loan interest forgiven	19,403	—
Purchases of capital assets included in accounts payable and accrued expenses	14,651	447,959

See accompanying notes to consolidated financial statements.

**THE FLORIDA AQUARIUM, INC.**

Consolidated Statements of Functional Expenses

Year ended September 30, 2021

	Program services					Support services			Total	
	Animal care, health and conservation	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	\$ 4,028,934	1,321,236	1,350,712	1,514,540	649,402	8,864,824	1,772,383	665,795	2,438,178	11,303,002
Advertising and promotions	14,334	—	—	24	905,748	920,106	23,238	43,508	66,746	986,852
Occupancy related	388,987	94,200	1,599,250	228,356	32,970	2,343,763	47,101	32,970	80,071	2,423,834
Insurance	145,158	63,690	87,380	118,367	5,095	419,690	40,695	5,095	45,790	465,480
Professional services	170,284	56,504	18,247	431,366	142,956	819,357	449,517	30,288	479,805	1,299,162
Animals, plants, and food	516,246	—	4,366	—	—	520,612	—	—	—	520,612
Printing and postage	52,023	3,324	36,743	65	684	92,839	9,569	34,554	44,123	136,962
Supplies and materials	427,399	85,184	231,665	115,478	26,536	886,262	45,143	16,513	61,656	947,918
Travel and professional development	28,564	2,982	16,143	8,273	18,231	74,193	88,226	2,784	91,010	165,203
Other operating expenses	92,548	—	1,136	42,082	—	135,766	541,652	404	542,056	677,822
Depreciation expense	517,367	71,612	378,589	565,811	423,832	1,957,211	928	649	1,577	1,958,788
Total operating expenses	\$ 6,381,844	1,698,732	3,724,231	3,024,362	2,205,454	17,034,623	3,018,452	832,560	3,851,012	20,885,635

See accompanying notes to consolidated financial statements.



**THE FLORIDA AQUARIUM, INC.**  
Consolidated Statements of Functional Expenses  
Year ended September 30, 2020

	<b>Program services</b>					<b>Support services</b>			<b>Total</b>	
	<b>Animal care, health and conservation</b>	<b>Education and learning</b>	<b>Life support and facilities</b>	<b>Guest services</b>	<b>Marketing and sales</b>	<b>Total program services</b>	<b>Executive, finance, and HR</b>	<b>Development and membership</b>		<b>Total support services</b>
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	\$ <u>5,836,171</u>	<u>1,784,047</u>	<u>3,700,652</u>	<u>3,543,054</u>	<u>2,623,728</u>	<u>17,487,652</u>	<u>2,525,611</u>	<u>734,472</u>	<u>3,260,083</u>	<u>20,747,735</u>

See accompanying notes to consolidated financial statements.

## THE FLORIDA AQUARIUM, INC.

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

### (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

## THE FLORIDA AQUARIUM, INC.

### Notes to Consolidated Financial Statements

September 30, 2021 and 2020

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 15 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.

## THE FLORIDA AQUARIUM, INC.

### Notes to Consolidated Financial Statements

September 30, 2021 and 2020

#### **(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 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 no write-offs in 2021 and 2020.

#### **(g) Investments**

Investments include common stock, mutual funds, money market funds, 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, 2021 and 2020.

#### **(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

## THE FLORIDA AQUARIUM, INC.

### Notes to Consolidated Financial Statements

September 30, 2021 and 2020

transition. Management asserts that no such uncertain tax positions exist for the Aquarium at September 30, 2021 and 2020.

#### **(k) Revenue Recognition**

As of October 1, 2020, the Aquarium adopted FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In applying the new standards, an analysis of whether a revenue source is an exchange transaction (reciprocal) or a contribution (nonreciprocal) is performed. If the revenue source is deemed to be a contribution, it is reviewed to determine if it is conditional or unconditional. Conditional contributions are not recognized as revenue until the barriers to entitlement are overcome. Once the contribution is unconditional, the presence or absence of donor-imposed restrictions is analyzed to determine the proper revenue recognition. Analysis of various provisions of these standards resulted in no material or significant changes in the way the Aquarium recognizes contributions and revenue, and therefore no changes to the previously issued audited financial statements are required on a modified retrospective or prospective basis.

Under ASU 2018-08, most government grants now meet the criteria of a nonreciprocal (contribution) transaction, typically with conditions to be met before revenue is recognized. 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. 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.

The Aquarium's revenue streams under contracts with customers are composed of day-of admissions and programs/events, ancillary services (gift shop, restaurant, parking), and memberships. A portfolio approach to group contracts with similar characteristics is applied. For admissions, programs and ancillary services, the Aquarium has the ongoing performance obligation to provide access to the building, exhibits, and events, and the obligation to provide the experience described. Revenue for admissions is recognized at the point in time when the customer is admitted to the Facility, or upon expiration of prepaid tickets (which are nonrefundable and nontransferable). Prepayments are recorded as deferred revenue/contract liabilities when collected. Program revenue for enhanced visitor experiences and events are recognized when the service is provided.

Memberships purchased include a performance obligation to provide various benefits over the membership period, which is typically one year. The primary benefit included in all memberships is unlimited admission during the term. Other benefits are considered immaterial (newsletters or member events) or are tied to the admission (gift shop and restaurant discounts). Memberships are recorded as deferred revenue/contract liabilities and recognized as membership revenue ratably over the membership period.

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.

## THE FLORIDA AQUARIUM, INC.

### Notes to Consolidated Financial Statements

September 30, 2021 and 2020

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, 2021 and 2020 is \$313,456. The noncurrent portion is \$1,854,616 and \$2,168,072 at September 30, 2021 and 2020, respectively.

#### **(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 (animal care, health, and conservation, 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: animal care, health, and conservation (husbandry, conservation, veterinary care, dive operations, water quality 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 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 700 active volunteers who contributed 20,799 and 30,854 hours of service for fiscal years 2021 and 2020, respectively. A dollar valuation of this effort is not reflected in the consolidated financial statements given the nature of the services contributed.

## THE FLORIDA AQUARIUM, INC.

### Notes to Consolidated Financial Statements

September 30, 2021 and 2020

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958). The ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and additional quantitative and qualitative disclosures. The ASU is applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Aquarium is currently evaluating the impact of adoption on its consolidated financial statements.

#### (o) *Going Concern*

In accordance with FASB 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, 2021 and 2020, cash, cash equivalents, and investments are classified as follows:

	2021	
	Cost	Fair value
Cash and cash equivalents	\$ 15,414,200	15,414,200
Vanguard 500 Index Mutual Funds	297,386	1,186,870
Money market fund	5,000,021	5,000,021
Cash equivalents held for investment	97,426	97,426
Common stock	2,489	12,857
Beneficial interest in assets held by The Community Foundation	50,000	146,513
Sub-total investments	5,447,322	6,443,687
Total cash, cash equivalents, and investments	\$ 20,861,522	21,857,887

**THE FLORIDA AQUARIUM, INC.**

Notes to Consolidated Financial Statements

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	<b>2020</b>	
	<u>Cost</u>	<u>Fair value</u>
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	<u>1,449,171</u>	<u>2,184,837</u>
Total cash, cash equivalents, and investments	<u>\$ 4,346,845</u>	<u>5,082,511</u>

Of the cash and cash equivalents, \$112,195 and \$107,833 is restricted by the donor at September 30, 2021 and 2020, respectively, for the following purposes:

	<u>2021</u>	<u>2020</u>
Education programs	\$ 73,909	81,827
Animal care and conservation projects	38,286	26,006
Total donor restricted cash and cash equivalents	<u>\$ 112,195</u>	<u>107,833</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.



**THE FLORIDA AQUARIUM, INC.**

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

**(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, 2021 and 2020:

	September 30, 2021	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Recurring:				
Cash and cash equivalents	\$ 15,414,200	15,414,200	—	—
Vanguard 500 Index Mutual Funds	1,186,870	1,186,870	—	—
Money market fund	5,000,021	5,000,021	—	—
Cash equivalents held for investment	97,426	97,426	—	—
Common stock	12,857	12,857	—	—
Beneficial interest in assets held by The Community Foundation	146,513	—	146,513	—
<b>Total assets</b>	<b>\$ 21,857,887</b>	<b>21,711,374</b>	<b>146,513</b>	<b>—</b>

	September 30, 2020	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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	—	—

**THE FLORIDA AQUARIUM, INC.**

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

	September 30, 2020	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Beneficial interest in assets held by The Community Foundation	\$ 116,872	—	116,872	—
Total assets	\$ 5,082,511	4,965,639	116,872	—

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, 2021 or 2020.

**(4) Accounts Receivable, Net**

Accounts receivable, net at September 30, 2021 and 2020 are as follows:

	2021	2020
Customers	\$ 118,657	178,627
Aramark Sports & Entertainment Services, Inc.	75,707	23,056
Event Network, Inc.	81,486	40,753
Magic Memories (USA) LLC	14	23,048
Less allowance for doubtful accounts	(10,000)	(28,000)
Accounts receivable, net	\$ 265,864	237,484

**(5) Grants Receivable, Net**

Grants receivable, net at September 30, 2021 and 2020 are as follows:

	2021	2020
Coral conservation grants	\$ 145,848	79,826
Hillsborough County	76,735	76,735
Aramark Sports & Entertainment Services, Inc.	10,000	—
Education programs	2,062	—
Less allowance for doubtful accounts	—	—
Grants receivable, net	\$ 234,645	156,561

**THE FLORIDA AQUARIUM, INC.**

Notes to Consolidated Financial Statements

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**(6) Capital Assets**

Capital assets at September 30, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Furniture and equipment	\$ 2,922,811	2,870,875
Eco-tour boat	1,227,629	1,227,629
Vehicles	376,908	376,908
Leasehold improvements	27,566,238	25,438,767
Construction in progress	321,432	689,691
	32,415,018	30,603,870
Less accumulated depreciation	(12,539,267)	(10,580,479)
Capital assets, net	\$ 19,875,751	20,023,391

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.

**(7) Notes Payable**

Notes payable at September 30, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Payroll Protection Program loan #1	\$ —	1,983,795
Payroll Protection Program loan #2	1,983,795	—
Less current maturities	—	—
Less unamortized deferred financing costs	—	—
Notes payable	\$ 1,983,795	1,983,795

On April 20, 2020, the Aquarium received loan proceeds of \$1,983,795 (loan #1) 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). This loan #1 was fully forgiven by the SBA on April 16, 2021. As such, the forgiveness of the outstanding debt balance of \$1,983,795 and accrued interest of \$19,403 (at 1%) has been recognized in the accompanying consolidated statements of activities as other income.

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Notes to Consolidated Financial Statements

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On January 30, 2021, the Aquarium received additional PPP loan proceeds of \$1,983,795 (loan #2) from the SBA. The loan #2 accrues interest at 1% and matures on February 3, 2026. 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. 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, 2021 until the forgiveness decision is received. Accrued interest of approximately \$13,045 would be owed as of September 30, 2021, if full forgiveness is not granted. This amount has been reflected in the accompanying consolidated financial statements.

To ensure cash liquidity and financial stability during challenging economic conditions and in the midst of the global Coronavirus pandemic (COVID-19), 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, 2021 and 2020, no advances have been requested or disbursed.

The principal maturities of the note payable for the years subsequent to September 30, 2021 are due as follows:

2022	\$	—
2023		539,121
2024		593,786
2025		599,784
2026		251,104
Beyond		—
	\$	<u>1,983,795</u>

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Notes to Consolidated Financial Statements

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**(8) Restrictions and Limitations on Net Assets**

Net assets with donor restrictions of \$1,555,861 and \$1,244,703 at September 30, 2021 and 2020, respectively, are composed of the following donor categories:

	<b>2021</b>	<b>2020</b>
Donor restrictions for specified purposes or time:		
Education programs	\$ 73,909	81,827
Animal care and conservation projects	38,286	26,006
Total donor restrictions for specified purposes or time	112,195	107,833
Donor restrictions in perpetuity:		
General endowment	200,447	200,447
Beneficial interest in assets held by The Community Foundation	146,513	116,872
Total donor restrictions in perpetuity	346,960	317,319
Unappropriated endowment earnings	1,096,706	819,551
Net assets with donor restrictions	\$ 1,555,861	1,244,703

Net assets of \$59,145 and \$318,037 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, 2021 and 2020, respectively.

**(9) 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 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

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### Notes to Consolidated Financial Statements

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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, 2021 or 2020.

#### **(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.
- 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.

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Notes to Consolidated Financial Statements

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**(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, 2021:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Total endowment funds at September 30, 2020	\$ —	1,136,870	1,136,870
Contributions	—	—	—
Investment return	—	277,155	277,155
Change in value of beneficial interests	—	29,641	29,641
Total endowment funds at September 30, 2021	<u>\$ —</u>	<u>1,443,666</u>	<u>1,443,666</u>

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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	<u>\$ —</u>	<u>1,136,870</u>	<u>1,136,870</u>

**(10) 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 \$32,435 and \$26,704, included in the accompanying consolidated statements of activities, were made for the years ended September 30, 2021 and 2020, respectively.

## THE FLORIDA AQUARIUM, INC.

### Notes to Consolidated Financial Statements

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#### (11) 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 approximately \$5.9 million in funding for the Aquarium's operations, repairs and maintenance, and exhibit expansion. 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 Florida Fund XXVIII, LLC (UDF/USBCDC), and Urban Development Fund XXVIII, LLC (UDF XXVIII).

To initiate the New Market Tax Credit (NMTC) transaction, US Bancorp provided an investment of approximately \$2.2 million into UDF/USBCDC, and the Foundation issued a leveraged loan to UDF/USBCDC of \$3,715,801 on June 28, 2013. The note required 1% interest only quarterly payments (\$9,290) during the mandatory seven year NMTC compliance period. As collateral for the note, the Foundation was granted a security interest in UDF/USBCDC's 99.99% ownership interests in UDF XXVIII. The Foundation also entered into put/call agreements with the UDF and US Bancorp-related entities that own UDF/USBCDC. These put/call agreements either obligated or entitled the Foundation to repurchase the interests in the CDEs at the end of the mandatory seven year compliance period.

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 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.

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 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, which was then liquidated. 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.



## THE FLORIDA AQUARIUM, INC.

Notes to Consolidated Financial Statements

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### (12) 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 at a cost of \$350,000 annually. The Aquarium operates the 4-D attraction on a daily basis. As a result of safety measures implemented to mitigate the effects of COVID-19, the 4-D attraction did not operate from March 2020 – December 2020, and opened under capacity-restricted limits in January 2021. An amendment to the agreement was executed in January 2021 to eliminate the fees during the period of non-operation, and reduce the fees ratably due to the capacity restrictions. For fiscal 2022 and fiscal 2023 (end of agreement), \$250,000 annually will be charged.

#### (d) 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 #1 helped to ensure payroll costs were covered. The \$5 million revolving line of credit was also secured to ensure financial sustainability if COVID-19 continued to cause suppressed operations. A breakeven operating budget for fiscal 2021 was prepared, with lowered revenue and expense projections to match the operating conditions at that time.

Fortunately, COVID-19's impact on Aquarium operations subsided in fiscal 2021, especially during the 3th and 4th quarters, the Aquarium's busiest seasons. With vaccines available and discretionary spending increases, travel and tourism resumed. Attendance and revenues recovered, and cash reserves were restored. Safety and health measures continue, but the negative financial impacts from COVID-19 appear to have dissipated.

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A significant source of financial relief and recovery came from the SBA's Shuttered Venue Operators Grant (SVOG) awarded on June 29, 2021 in the amount of \$8,016,205. This funding was used to cover payroll costs and other eligible operating expenses incurred from March 2020 through September 30, 2021. The SVOG is included in contributions, memberships, and grants in the accompanying consolidated statements of activities.

**(13) Related-Party Transactions**

Contributions, memberships, and grants for the years ended September 30, 2021 and 2020 include the following:

	<u>2021</u>	<u>2020</u>
Board of directors and trustees	\$ 158,321	263,370
City of Tampa	<u>437,400</u>	<u>437,400</u>
	<u>\$ 595,721</u>	<u>700,770</u>

**(14) 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.

**(15) 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 15,414,200	2,897,674
Less donor restricted cash and cash equivalents	(112,195)	(107,833)
Current investments	5,000,021	1,047,967
Accounts receivable and Grants receivable, net	<u>500,509</u>	<u>394,045</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 20,802,535</u>	<u>4,231,853</u>

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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.

**(16) Subsequent Events**

The Aquarium has evaluated subsequent events from the consolidated statements of financial position date through January 31, 2022, the date the consolidated financial statements were available to be issued, and determined no other items should be disclosed.