

The Florida Aquarium, Inc. and Affiliate

Consolidated Financial and Compliance Report
September 30, 2022

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RSM US LLP

Independent Auditor's Report

Board of Directors
The Florida Aquarium, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of The Florida Aquarium, Inc. and Affiliate (collectively, the Aquarium), which comprise the consolidated statement of financial position as of September 30, 2022, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Aquarium as of September 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Aquarium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Aquarium, as of and for the year ended September 30, 2021, were audited by other auditors, whose report, dated January 31, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aquarium's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Aquarium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aquarium's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, on our consideration of the Aquarium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Aquarium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aquarium's internal control over financial reporting and compliance.

RSM US LLP

Tampa, Florida
January 31, 2023

The Florida Aquarium, Inc. and Affiliate

Consolidated Statements of Financial Position
September 30, 2022 and 2021

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 16,619,274 | \$ 15,414,200 |
| Investments | 5,010,723 | 5,000,021 |
| Accounts receivable, net | 689,028 | 265,864 |
| Grants receivable | 1,147,622 | 234,645 |
| Contributions receivable | 220,000 | - |
| Other current assets | 158,038 | 155,466 |
| Total current assets | 23,844,685 | 21,070,196 |
| Investments | 1,107,421 | 1,297,153 |
| Beneficial interest in assets held by Community Foundation | 125,308 | 146,513 |
| Contributions receivable, net | 639,071 | - |
| Capital assets, net | 20,271,196 | 19,875,751 |
| Total assets | \$ 45,987,681 | \$ 42,389,613 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 2,650,899 | \$ 2,564,434 |
| Deferred revenue | 2,331,921 | 2,341,799 |
| Total current liabilities | 4,982,820 | 4,906,233 |
| Note payable | - | 1,983,795 |
| Deferred revenue | - | 1,854,616 |
| Total liabilities | 4,982,820 | 8,744,644 |
| Commitments and contingencies (Note 7) | | |
| Net assets: | | |
| Without donor restrictions | 38,679,445 | 32,089,108 |
| With donor restrictions | 2,325,416 | 1,555,861 |
| Total net assets | 41,004,861 | 33,644,969 |
| Total liabilities and net assets | \$ 45,987,681 | \$ 42,389,613 |

See notes to consolidated financial statements.

The Florida Aquarium, Inc. and Affiliate

Consolidated Statement of Activities
Year Ended September 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| Revenue and support: | | | |
| Admissions | \$ 20,889,770 | \$ - | \$ 20,889,770 |
| Membership revenue | 2,375,688 | - | 2,375,688 |
| Gift shop sales, net | 1,387,263 | - | 1,387,263 |
| Restaurant sales, net | 1,635,545 | - | 1,635,545 |
| Parking revenue, net | 969,889 | - | 969,889 |
| Community programs revenue | 533,171 | - | 533,171 |
| Contributions and grants | 4,539,696 | 1,061,425 | 5,601,121 |
| Contributed materials and services | 34,425 | - | 34,425 |
| Miscellaneous revenue | 170,218 | - | 170,218 |
| Net assets released from restrictions | 80,933 | (80,933) | - |
| Total revenue and support | 32,616,598 | 980,492 | 33,597,090 |
| Operating expenses: | | | |
| Program services: | | | |
| Animal care, health and conservation | 8,418,338 | - | 8,418,338 |
| Education and learning | 2,200,807 | - | 2,200,807 |
| Life support and facilities | 4,725,813 | - | 4,725,813 |
| Guest services | 5,628,380 | - | 5,628,380 |
| Total program services | 20,973,338 | - | 20,973,338 |
| Support services: | | | |
| Executive, finance and human resources | 3,610,226 | - | 3,610,226 |
| Development and membership | 1,098,242 | - | 1,098,242 |
| Marketing and sales | 1,694,697 | - | 1,694,697 |
| Total support services | 6,403,165 | - | 6,403,165 |
| Total operating expenses | 27,376,503 | - | 27,376,503 |
| Operating income before other income (expenses) | 5,240,095 | 980,492 | 6,220,587 |
| Other income (expenses): | | | |
| Interest expense | (8,913) | - | (8,913) |
| Gain on disposal of capital assets | 7,700 | - | 7,700 |
| Change in value of beneficial interest in assets held by Community Foundation | - | (21,205) | (21,205) |
| Investment return, net | 10,702 | (189,732) | (179,030) |
| Paycheck Protection Program loan forgiveness | 2,005,753 | - | 2,005,753 |
| Contract termination fee | (665,000) | - | (665,000) |
| Total other income (expenses) | 1,350,242 | (210,937) | 1,139,305 |
| Change in net assets | 6,590,337 | 769,555 | 7,359,892 |
| Net assets: | | | |
| Beginning | 32,089,108 | 1,555,861 | 33,644,969 |
| Ending | \$ 38,679,445 | \$ 2,325,416 | \$ 41,004,861 |

See notes to consolidated financial statements.

The Florida Aquarium, Inc. and Affiliate

**Consolidated Statement of Activities
Year Ended September 30, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| Revenue and support: | | | |
| Admissions | \$ 17,399,716 | \$ - | \$ 17,399,716 |
| Membership revenue | 1,407,739 | - | 1,407,739 |
| 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 and grants | 12,332,377 | 63,507 | 12,395,884 |
| Miscellaneous revenue | 174,174 | - | 174,174 |
| Net assets released from restrictions | 59,145 | (59,145) | - |
| Total revenue and support | 34,787,333 | 4,362 | 34,791,695 |
| 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 | 4,000,417 | - | 4,000,417 |
| Total program services | 15,805,224 | - | 15,805,224 |
| Support services: | | | |
| Executive, finance and human resources | 3,018,452 | - | 3,018,452 |
| Development and membership | 832,560 | - | 832,560 |
| Marketing and sales | 1,229,399 | - | 1,229,399 |
| Total support services | 5,080,411 | - | 5,080,411 |
| Total operating expenses | 20,885,635 | - | 20,885,635 |
| Operating income before other income (expenses) | 13,901,698 | 4,362 | 13,906,060 |
| Other income (expenses): | | | |
| Interest expense | (32,448) | - | (32,448) |
| Change in value of beneficial interest in assets held by Community Foundation | - | 29,641 | 29,641 |
| Investment return, net | 4,150 | 277,155 | 281,305 |
| Paycheck Protection Program loan forgiveness | 2,003,198 | - | 2,003,198 |
| Total other income (expenses) | 1,974,900 | 306,796 | 2,281,696 |
| Change in net assets | 15,876,598 | 311,158 | 16,187,756 |
| Net assets: | | | |
| Beginning | 16,212,510 | 1,244,703 | 17,457,213 |
| Ending | \$ 32,089,108 | \$ 1,555,861 | \$ 33,644,969 |

See notes to consolidated financial statements.

The Florida Aquarium, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended September 30, 2022

| | Program Services | | | | | Support Services | | | | | Total |
|-------------------------------------|--------------------------------------|------------------------|-----------------------------|---------------------|------------------------|--|----------------------------|---------------------|------------------------|----------------------|-------|
| | Animal care, health and conservation | Education and learning | Life support and facilities | Guest services | Total program services | Executive, finance and human resources | Development and membership | Marketing and sales | Total support services | | |
| Operating expenses: | | | | | | | | | | | |
| Salaries and benefits | \$ 5,247,358 | \$ 1,747,362 | \$ 1,681,462 | \$ 2,398,395 | \$ 11,074,577 | \$ 2,032,170 | \$ 743,236 | \$ 269,923 | \$ 3,045,329 | \$ 14,119,906 | |
| Advertising and promotions | 13,000 | - | - | 141,492 | 154,492 | 18,101 | 40,637 | 1,235,874 | 1,294,612 | 1,449,104 | |
| Occupancy related | 577,507 | 92,893 | 2,053,000 | 508,145 | 3,231,545 | 46,049 | 32,234 | 32,234 | 110,517 | 3,342,062 | |
| Insurance | 183,451 | 78,813 | 104,334 | 136,153 | 502,751 | 44,127 | 6,305 | 6,305 | 56,737 | 559,488 | |
| Professional services | 233,155 | 74,225 | 49,915 | 1,196,477 | 1,553,772 | 561,765 | 198,427 | 54,599 | 814,791 | 2,368,563 | |
| Animals, plants and food | 541,912 | - | 12,668 | - | 554,580 | - | - | - | - | 554,580 | |
| Printing and postage | 60,012 | 3,387 | 68,788 | 322 | 132,509 | 11,046 | 49,706 | 4,945 | 65,697 | 198,206 | |
| Supplies and materials | 713,286 | 125,864 | 306,901 | 196,911 | 1,342,962 | 69,919 | 9,180 | 31,183 | 110,282 | 1,453,244 | |
| Travel and professional development | 114,839 | 6,960 | 29,367 | 28,405 | 179,571 | 190,631 | 17,366 | 47,972 | 255,969 | 435,540 | |
| Other expenses | 132,968 | - | 1,207 | 43,502 | 177,677 | 635,645 | 610 | - | 636,255 | 813,932 | |
| Depreciation | 600,850 | 71,303 | 418,171 | 978,578 | 2,068,902 | 773 | 541 | 11,662 | 12,976 | 2,081,878 | |
| Total operating expenses | 8,418,338 | 2,200,807 | 4,725,813 | 5,628,380 | 20,973,338 | 3,610,226 | 1,098,242 | 1,694,697 | 6,403,165 | 27,376,503 | |
| Interest expense | 3,313 | 1,103 | 1,061 | 1,514 | 6,991 | 1,283 | 469 | 170 | 1,922 | 8,913 | |
| Contract termination fee | - | - | - | 665,000 | 665,000 | - | - | - | - | 665,000 | |
| Total expenses | \$ 8,421,651 | \$ 2,201,910 | \$ 4,726,874 | \$ 6,294,894 | \$ 21,645,329 | \$ 3,611,509 | \$ 1,098,711 | \$ 1,694,867 | \$ 6,405,087 | \$ 28,050,416 | |

See notes to consolidated financial statements.

The Florida Aquarium, Inc. and Affiliate

Consolidated Statement 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 | Total program services | Executive, finance and human resources | Development and membership | Marketing and sales | Total support services | | |
| Operating expenses: | | | | | | | | | | | |
| Salaries and benefits | \$ 4,028,934 | \$ 1,321,236 | \$ 1,350,712 | \$ 1,926,461 | \$ 8,627,343 | \$ 1,772,383 | \$ 665,795 | \$ 237,481 | \$ 2,675,659 | \$ 11,303,002 | |
| Advertising and promotions | 14,334 | - | - | 63,484 | 77,818 | 23,238 | 43,508 | 842,288 | 909,034 | 986,852 | |
| Occupancy related | 388,987 | 94,200 | 1,599,250 | 228,356 | 2,310,793 | 47,101 | 32,970 | 32,970 | 113,041 | 2,423,834 | |
| Insurance | 145,158 | 63,690 | 87,380 | 118,367 | 414,595 | 40,695 | 5,095 | 5,095 | 50,885 | 465,480 | |
| Professional services | 170,284 | 56,504 | 18,247 | 520,587 | 765,622 | 449,517 | 30,288 | 53,735 | 533,540 | 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 | 92,155 | 9,569 | 34,554 | 684 | 44,807 | 136,962 | |
| Supplies and materials | 427,399 | 85,184 | 231,665 | 115,478 | 859,726 | 45,143 | 16,513 | 26,536 | 88,192 | 947,918 | |
| Travel and professional development | 28,564 | 2,982 | 16,143 | 8,273 | 55,962 | 88,226 | 2,784 | 18,231 | 109,241 | 165,203 | |
| Other expenses | 92,548 | - | 1,136 | 42,082 | 135,766 | 541,652 | 404 | - | 542,056 | 677,822 | |
| Depreciation | 517,367 | 71,612 | 378,589 | 977,264 | 1,944,832 | 928 | 649 | 12,379 | 13,956 | 1,958,788 | |
| Total operating expenses | 6,381,844 | 1,698,732 | 3,724,231 | 4,000,417 | 15,805,224 | 3,018,452 | 832,560 | 1,229,399 | 5,080,411 | 20,885,635 | |
| Interest | 11,566 | 3,793 | 3,878 | 5,530 | 24,767 | 5,088 | 1,911 | 682 | 7,681 | 32,448 | |
| Total expenses | \$ 6,393,410 | \$ 1,702,525 | \$ 3,728,109 | \$ 4,005,947 | \$ 15,829,991 | \$ 3,023,540 | \$ 834,471 | \$ 1,230,081 | \$ 5,088,092 | \$ 20,918,083 | |

See notes to consolidated financial statements.

The Florida Aquarium, Inc. and Affiliate

**Consolidated Statements of Cash Flows
Years Ended September 30, 2021 and 2022**

| | 2022 | 2021 |
|---|--------------------|--------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 7,359,892 | \$ 16,187,756 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 2,081,878 | 1,958,788 |
| Gain on disposal of capital assets | (7,700) | - |
| Paycheck Protection Program loan forgiveness | (2,005,753) | (2,003,198) |
| (Provision) recovery for uncollectible receivables | (1,569) | 18,000 |
| Write-off of uncollectible receivables | 1,569 | - |
| Contributions received for long-term purposes | (1,296,441) | (1,722,156) |
| Change in value of beneficial interest in assets held by Community Foundation | 21,205 | (29,641) |
| Unrealized loss (gain) on investments | 179,030 | (281,305) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (423,164) | (46,380) |
| Grants receivable | (140,881) | (20,414) |
| Contributions receivable | (859,071) | - |
| Other current assets | (2,572) | (35,816) |
| Accounts payable and accrued expenses | (162,666) | 264,639 |
| Deferred revenue | (1,864,494) | 322,372 |
| Net cash provided by operating activities | 2,879,263 | 14,612,645 |
| Cash flows from investing activities: | | |
| Proceeds from sale of capital assets | 7,700 | - |
| Purchase of investments | - | (3,947,903) |
| Purchase of capital assets | (2,171,809) | (1,796,497) |
| Net cash used in investing activities | (2,164,109) | (5,744,400) |
| Cash flows from financing activities: | | |
| Cash received from contributions for long-term purposes | 489,920 | 1,664,486 |
| Proceeds from notes payable | - | 1,983,795 |
| Net cash provided by financing activities | 489,920 | 3,648,281 |
| Net increase in cash and cash equivalents | 1,205,074 | 12,516,526 |
| Cash and cash equivalents: | | |
| Beginning | 15,414,200 | 2,897,674 |
| Ending | \$ 16,619,274 | \$ 15,414,200 |
| Supplemental schedules of noncash investing and financing activities: | | |
| Paycheck Protection Program principal and loan interest forgiven | \$ 2,005,753 | \$ 2,003,198 |
| Purchases of capital assets included in accounts payable and accrued expenses | \$ 271,089 | \$ 14,651 |
| Grants received for long-term purposes in grants receivable | \$ 772,096 | \$ 57,670 |
| Contributions of nonfinancial capital assets | \$ 34,425 | \$ - |

See notes to consolidated financial statements.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Florida Aquarium, Inc. was incorporated on December 12, 1986, in the State of Florida, as a nonprofit organization. The construction of an aquarium (the Facility) was completed and opened to the public in March 1995. In October 1996, The Florida Aquarium, Inc. 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 The Florida Aquarium, Inc. management. The Florida Aquarium Inc.'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 on October 10, 1996, in the State of Florida, as a nonprofit 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 Florida Aquarium, Inc.

A summary of The Florida Aquarium, Inc. and the Foundation's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts for The Florida Aquarium, Inc. and the Foundation (collectively, the Aquarium). As the Foundation's Board of Directors are required to be appointed and elected by The Florida Aquarium, Inc.'s Board of Directors, and the purpose of the Foundation is to support The Florida Aquarium, Inc., a controlling financial interest exists, and the financial activities of The Florida Aquarium, Inc. and the Foundation have been consolidated. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of presentation: A nonprofit organization is required to report information regarding its financial position and activities in accordance to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Aquarium and changes therein are classified and reported as follows:

Net assets without donor restrictions: Contributions and other inflows of assets that are not subject to donor-imposed stipulations but may be designated for specific purposes by action of the Board of Directors (Board). Net assets without donor restrictions include expendable funds available to support operations as well as net assets invested in property and equipment.

Net assets with donor restrictions: Contributions and other inflows of assets subject to donor-imposed stipulations that may or will be met by actions of the Aquarium or the passage of time or are permanently maintained by the Aquarium. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. 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 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.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Operating activities: The consolidated statements of activities include a subtotal for operating income. Items not considered operating activities represent interest expense, gain on disposal of capital assets, change in value of beneficial interest in assets held by Community Foundation, investment return, net, Paycheck Protection Program loan forgiveness, and contract termination fees.

Use of estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurements: The Aquarium measures investments and the beneficial interest in assets held by Community Foundation at fair value on a recurring basis. The Aquarium follows accounting guidance which defines fair value and specifies a hierarchy of valuation techniques used to measure fair value. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs.

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by the Aquarium.

Level 2: Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3: Unobservable inputs based on the Aquarium's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

The Aquarium evaluates the various types of financial assets and liabilities to determine the appropriate fair value hierarchy based upon trading activity and the observability of market inputs. The Aquarium employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources.

While the Aquarium believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the report date.

During the years ended September 30, 2022 and 2021, there were no changes in the Aquarium's valuation techniques that had, or are expected to have, a material impact on its consolidated statements of financial position or activities.

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.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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 three months 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 and cash equivalents in the consolidated statements of cash flows as these funds are not used for operating needs.

Concentration of credit risk: The Aquarium maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. The Aquarium monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Concentrations of credit risk with respect to receivables exist. Approximately 84% and 56% of gross accounts receivable as of September 30, 2022 and 2021, respectively, were from three and two customers. Approximately 71% and 95% of grants receivable as of September 30, 2022 and 2021, respectively, were from two and four grantors, respectively. As of September 30, 2022, 100% of contributions receivable were from two donors.

Investments: Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their estimated fair values in the consolidated statements of financial position. Investment income is reported in the consolidated statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external investment expenses.

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.

The Aquarium invests in a professionally managed portfolio that contains common shares of publicly traded companies, mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit.

Accounts receivable: Accounts receivable are stated at cost and does not bear interest. 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. Management has set an allowance for approximately \$10,000 as of September 30, 2022 and 2021.

Grants receivable: Grants receivable are stated less an allowance for doubtful accounts. Management's determination of an allowance is based on historical experience, knowledge of grantor and other circumstances. Management believes grants receivable to be fully collectible as of September 30, 2022 and 2021.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions receivable: Contributions receivable due in one year or less are reported at net realizable value. Amounts due under contributions receivable over a period of more than one year at the date of donation are reported at net present value using the market discount rate in effect at the date of the unconditional promise to give. Receivables are stated less an allowance for doubtful accounts. Management's determination of an allowance is based on historical experience, knowledge of donor and other circumstances. Management believes contributions receivable to be fully collectible as of September 30, 2022. There were no outstanding contributions receivable as of September 30, 2021.

Beneficial interest in assets held by Community Foundation: In 2000, the Aquarium established an endowment fund that is perpetual in nature (the fund) and transferred funds to the Community Foundation of Tampa Bay (Community Foundation) and named itself as the beneficiary. The terms of the fund agreements are considered reciprocal in nature and, therefore, the assets are recorded in the consolidated statements of financial position of the Aquarium. The Aquarium granted variance power to the Community Foundation, which allows the Community Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Community Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the Community Foundation for the Aquarium's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

Change in beneficial interest in assets held by Community Foundation that is restricted by the donor is reported as an increase in net assets with donor restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Capital assets: Capital assets are stated at cost if purchased, or at estimated market value at date of receipt if acquired by gift. Expenditures for capital assets in excess of \$5,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives (three to five years) of the respective assets.

Leasehold improvements are amortized over the shorter of their useful life or the lease term. Capital assets acquired with governmental funds are considered to be owned by the Aquarium while used in the program for which it was purchased or in future authorized programs; however, its disposition, as well as the ownership of any proceeds therefrom, is subject to applicable regulations.

Construction in progress is not depreciated until placed in service.

Expenditure for renewals and improvements that significantly add to the productive capacity to extend the useful life of the asset are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. Upon retirement, sale or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included within the consolidated statements of activities.

Impairment of long-lived assets: The Aquarium evaluates the recoverability of its capital assets whenever adverse events and changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. Management believes no indication of impairment existed at September 30, 2022 and 2021.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue recognition: The Aquarium first determines if a transaction represents an exchange transaction and, if so, accounts for the transaction in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers (Topic 606), which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

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, program/events 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 and restaurant sales relate to sales of products or services for which the Aquarium receives revenue based on a contractually defined commission structure.

In May 2022, the Aquarium outsourced its parking operation to the City under a contract where revenues received by the Aquarium are net of costs incurred by the City up to a base amount. Revenues earned over that base amount are then split based on a negotiated percentage.

Receivables and deferred revenues for revenue streams under contracts with customers are as follows as of September 30, 2022, September 30, 2021, and October 1, 2020:

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

| | September 30, 2022 | September 30, 2021 | October 1, 2020 |
|--------------------------------------|-----------------------|-----------------------|---------------------|
| Receivables: | | | |
| Admissions | \$ 101,742 | \$ 105,189 | \$ 12,861 |
| Gift shop sales, net | 91,711 | 81,486 | 40,753 |
| Restaurant sales, net | 271,588 | 75,707 | 23,056 |
| Parking revenue | 222,558 | - | - |
| Community programs revenue | 1,641 | 644 | 5,310 |
| Miscellaneous revenue | 9,788 | 12,838 | 25,535 |
| Less allowance for doubtful accounts | (10,000) | (10,000) | (28,000) |
| Total receivables | <u>\$ 689,028</u> | <u>\$ 265,864</u> | <u>\$ 79,515</u> |
| Deferred revenue: | | | |
| Admissions | \$ 759,535 | \$ 769,767 | \$ 777,489 |
| Membership revenue | 1,551,075 | 1,245,206 | 610,799 |
| Restaurant sales, net | - | 2,168,072 | 2,481,529 |
| Community programs revenue | 21,311 | 13,370 | 4,225 |
| Total deferred revenue | <u>\$ 2,331,921</u> | <u>\$ 4,196,415</u> | <u>\$ 3,874,042</u> |

The Aquarium performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time as the customer consumes and receives the benefit of the Aquarium's services as they are performed. If certain criteria is not met, the revenue is recognized at a point in time. The performance obligations for admissions, parking, community programs, and miscellaneous revenues are satisfied at a point in time. The performance obligation for membership revenue is satisfied over time (typically over one year). As the Aquarium is acting as an agent for gift shop and restaurant sales, this revenue is shown net and recognized over time.

The revenue streams noted above do not include significant financing components as the performance obligations are typically satisfied within a year of receipt of payment. Economic downturns can affect the level of revenue for all the revenue streams or can have a positive impact on cash flows in good economic times.

At September 30, 2021, deferred revenue also included 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 was amortized on a straight-line basis over the term of the contract. The contract was terminated in September 2022, resulting in the Aquarium refunding the unamortized balance of \$1,840,809 to the concessionaire. As a result of the contract termination, during the year ended September 30, 2022, an additional \$665,000 settlement fee was incurred and paid and is included in other expenses in the accompanying consolidated statement of activities.

Public support: The Aquarium recognizes unconditional contributions when cash, securities, promises to give or other assets; or notification of a beneficial interest, is received. Unconditional contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Conditional contributions are those contributions that certain donor-imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recorded as revenue when conditions are satisfied. Conditional contributions received in advance of satisfying conditions are recorded as refundable advances. If a conditional contribution with donor restrictions becomes unconditional in the same period that the donor restrictions are satisfied, it is reported as an increase in net assets without donor restrictions.

A portion of the Aquarium's non-exchange revenue is derived from cost-reimbursable contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenditures (i.e., contain meaningful barriers and rights of return). Amounts received are recognized as revenue when the Aquarium has provided certain services and incurred expenditures in compliance with specific contract or grant provisions. Cash received in excess of revenue recognized is recorded as refundable advances. There were no refundable advances at September 30, 2022 and 2021.

Donated materials and services: Donated materials are reflected in the accompanying consolidated financial statements at their estimated fair market value at date of receipt. Donations of services are recorded as support at their estimated fair value if the services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Aquarium estimates the fair value on the basis of estimates of wholesale values that would be received from selling similar products, renting similar spaces, or acquiring similar services in the United States in line with FASB Topic 820, *Fair Value Measurement*. The Aquarium utilizes donated materials for their mission and does not monetize or sell the goods.

During the year ended September 30, 2022, contributed nonfinancial assets consist of a cold laser valued at \$22,000 used for veterinary care, and \$12,425 towards the purchase of 5 golf carts used in daily operations. Both items do not contain donor-imposed restrictions. There were no contributed nonfinancial assets received during the year ended September 30, 2021.

Community members volunteer in all areas of Aquarium operations. The Aquarium has approximately 700 active volunteers who contributed 37,373 and 20,799 hours of service for fiscal years 2022 and 2021, respectively. A dollar valuation of this effort is not reflected in the consolidated financial statements given the nature of the services contributed.

Functional allocation of expenses: The Aquarium tracks expenses by natural classification (salaries, 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).

Advertising: Advertising costs are expensed as incurred.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income taxes: The Florida Aquarium, Inc. and Foundation are recognized by the Internal Revenue Service (IRS) as tax-exempt organizations under Section 501(c)(3) of the IRC. Income earned in furtherance of these entities' tax-exempt purposes is exempt from federal and state income taxes. As such, no provision for income tax expense has been made in the accompanying consolidated financial statements.

The Aquarium has adopted the accounting standard on accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. Generally, the Aquarium is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before September 30, 2019.

Recently adopted accounting pronouncement: In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities apart from contributions of cash or other financial assets. The ASU also requires enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The Aquarium adopted ASU 2020-07 during the year ended September 30, 2022, which resulted in segregation of contributed non-financial assets on the accompanying consolidated statement of activities and enhanced disclosures in the consolidated financial statements.

Pending accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales type leases, direct financing leases and operating leases. The standard is effective for annual periods beginning after December 15, 2021, with early adoption permitted. The Aquarium plans to adopt the standard utilizing the modified retrospective method and believes the adoption of the standard will not have a material impact on the consolidated financial statements.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, ASU 2016-13 eliminates the probable initial recognition threshold in current U.S. GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. This ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through changes in net assets. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 are effective for the Aquarium's fiscal year 2024. The Aquarium is currently evaluating the impact this ASU will have on its consolidated financial statements.

Reclassifications: Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2022 presentation. Net assets and changes in net assets were unchanged due to these reclassifications.

Subsequent events: The Aquarium has evaluated subsequent events through January 31, 2023, the date on which the consolidated financial statements were available to be issued.

Note 2. Fair Value Measurements

The following tables summarize major categories of the Aquarium's assets measured at fair value on a recurring basis at September 30, 2022 and 2021:

| | 2022 | 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: | | | | |
| Vanguard 500 Index mutual fund | \$ 1,002,794 | \$ 1,002,794 | \$ - | \$ - |
| Money market funds | 5,010,723 | 5,010,723 | - | - |
| Cash equivalents held for investment | 97,458 | 97,458 | - | - |
| Equities | 7,169 | 7,169 | - | - |
| Total investments | 6,118,144 | 6,118,144 | - | - |
| Beneficial interest in assets held by Community Foundation | 125,308 | - | - | 125,308 |
| Total assets | \$ 6,243,452 | \$ 6,118,144 | \$ - | \$ 125,308 |

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 2. Fair Value Measurements (Continued)

| | 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: | | | | |
| Vanguard 500 Index mutual fund | \$ 1,186,870 | \$ 1,186,870 | \$ - | \$ - |
| Money market funds | 5,000,021 | 5,000,021 | - | - |
| Cash equivalents held for investment | 97,426 | 97,426 | - | - |
| Equities | 12,857 | 12,857 | - | - |
| Total investments | 6,297,174 | 6,297,174 | - | - |
| Beneficial interest in assets held by Community Foundation | 146,513 | - | - | 146,513 |
| Total assets | \$ 6,443,687 | \$ 6,297,174 | \$ - | \$ 146,513 |

There were no liabilities measured at fair value on a recurring basis at September 30, 2022 and 2021. Level 1 investments are classified as such due to their closeness to cash or being valued based on quoted market prices.

The beneficial interest in assets held by Community Foundation is managed by an independent third-party trustee, and the Aquarium has no authority over investment decisions. Thus, the assets are classified as Level 3 within the fair value hierarchy level.

There were no transfers into or out of Level 3 investments and no issues or purchases of Level 3 investments for the years ending September 30, 2022 and 2021.

Note 3. Contributions Receivable

Contributions receivable at September 30, 2022 and 2021 are as follows:

| | 2022 | 2021 |
|-------------------------------|------------|------|
| Due in: | | |
| Less than one year | \$ 220,000 | \$ - |
| One to five years | 660,000 | - |
| | 880,000 | - |
| Less discount (.82% to 1.04%) | (20,929) | - |
| Contributions receivable, net | \$ 859,071 | \$ - |

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 4. Capital Assets

Capital assets at September 30, 2022 and 2021 are as follows:

| | 2022 | 2021 | Estimated Useful Lives (in Years) |
|-------------------------------|----------------------|----------------------|--------------------------------------|
| Furniture and equipment | \$ 2,874,386 | \$ 2,922,811 | 3-5 |
| Eco tour boat | 1,245,796 | 1,227,629 | 3-5 |
| Vehicles | 429,377 | 376,908 | 3-5 |
| Leasehold improvements | 28,847,052 | 27,566,238 | Shorter of useful life or lease term |
| Construction in progress | 1,215,147 | 321,432 | |
| | <u>34,611,758</u> | <u>32,415,018</u> | |
| Less accumulated depreciation | <u>(14,340,562)</u> | <u>(12,539,267)</u> | |
| Capital assets, net | <u>\$ 20,271,196</u> | <u>\$ 19,875,751</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.

Note 5. Line of Credit

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 three-year term. Variable interest at a rate of one-month LIBOR plus 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, 2022 and 2021, no advances have been requested or disbursed.

Note 6. Notes Payable

Notes payable outstanding at September 30, 2022 and 2021 totaled \$0 and \$1,983,795, respectively. There are no deferred financing costs as of September 30, 2022 and 2021.

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 Federal 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 statement of activities as other income during the year ended September 30, 2021.

On January 20, 2021, the Aquarium applied for and received additional PPP loan proceeds of \$1,983,795 (loan #2). This loan #2 was also fully forgiven by the SBA on March 14, 2022. Once again, the forgiveness of the outstanding debt balance of \$1,983,795 and accrued interest of \$21,958 (at 1%) has been recognized in the accompanying consolidated statement of activities as other income during the year ended September 30, 2022.

The Aquarium elected to originally account for these loans as debt under ASU 470, *Debt*.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 6. Notes Payable (Continued)

The SBA has the ability to review the original PPP loan applications and forgiveness applications for six years to assess compliance with the CARES Act. Management believes the Aquarium is in compliance with the CARES Act and does not anticipate repayment of any amounts forgiven.

Note 7. Commitments and Contingencies

Construction commitments: Outstanding construction commitments totaled approximately \$4.6 million as of September 30, 2022, and consisted of various projects including the Coral Care Complex Center and other renovation initiatives.

Grant funding: The Aquarium routinely enters into grant agreements and contracts with governmental agencies that provide for reimbursement of the eligible direct and indirect costs of providing certain of the Aquarium's program services. The grants and contracts are subject to audit or review and retroactive adjustment based on a final determination by the grantor of eligible reimbursable expenditures. The effect of such adjustments, if any, on the Aquarium's consolidated financial statements cannot be determined at this time, and no provision has been made for any such adjustment in the accompanying consolidated financial statements.

Insurance claims: The Aquarium may be 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.

License and lease agreements: On August 3, 2016, the Aquarium entered into an operating license agreement to install and operate a 4D theatre attraction with a third party (4D Contractor). The agreement provides for the 4D Contractor to install equipment and provide licensed film property and services for the 4D attraction at a cost of \$350,000 annually. The Aquarium operates the 4D attraction on a daily basis. As a result of safety measures implemented to mitigate the effects of COVID-19, the 4D 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. During the year ended September 30, 2022 and 2021, the Aquarium incurred \$250,000 and \$131,250, respectively. Future charges for the year ended September 30, 2023 (end of agreement) are \$250,000 under the terms of the amended agreement and are included in the future minimum annual payments below.

The Aquarium leases various office equipment and heavy machinery under operating lease agreements which expire through 2027. There is also a 40-year lease on small parcels of land within the footprint of the Facility, expiring in 2052. Total expense for these leases was \$51,519 and \$23,138 for the years ended September 30, 2022 and 2021, respectively.

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 7. Commitments and Contingencies (Continued)

Approximate future minimum annual payments under the noncancellable leases are as follows:

| | | |
|----------------------------|----|-----------------------|
| Years ending September 30: | | |
| 2023 | \$ | 315,360 |
| 2024 | | 65,360 |
| 2025 | | 56,816 |
| 2026 | | 52,544 |
| 2027 | | 24,157 |
| Thereafter | | 205,824 |
| | \$ | <u><u>720,061</u></u> |

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows at September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| Donor restrictions for specified purposes or time: | | |
| Education programs | \$ 90,126 | \$ 85,195 |
| Animal care and conservation projects | 38,490 | 27,000 |
| General operating support | 859,071 | - |
| Leasehold improvements | 105,000 | - |
| Total donor restrictions for specified purposes or time | <u>1,092,687</u> | <u>112,195</u> |
| Donor restrictions in perpetuity: | | |
| General endowment | 200,447 | 200,447 |
| Beneficial interest in assets held by Community Foundation | 125,308 | 146,513 |
| Total donor restrictions in perpetuity | <u>325,755</u> | <u>346,960</u> |
| Unappropriated endowment earnings | 906,974 | 1,096,706 |
| Net assets with donor restrictions | <u><u>\$ 2,325,416</u></u> | <u><u>\$ 1,555,861</u></u> |

Net assets of \$80,933 and \$59,145 were released from donor restrictions for the following purposes during the years ended September 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------------|-------------------------|
| Education programs | \$ 53,933 | \$ 33,138 |
| Animal care and conservation projects | 27,000 | 26,007 |
| | <u><u>\$ 80,933</u></u> | <u><u>\$ 59,145</u></u> |

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 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 nonprofit 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).

Interpretation of relevant law: As of July 1, 2012, the Aquarium follows Florida 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 Florida 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

Fund deficiencies: Florida 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 Florida 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, 2022 or 2021.

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 Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 9. Endowments (Continued)

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.

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.

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.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Aquarium has interpreted Florida UPMIFA to permit spending from underwater endowments in accordance with prudent measures by law. The Aquarium's policy is to allow spending from underwater endowment.

Changes in endowment funds consist of the following for the years ended September 30, 2022 and 2021:

| | 2022 | | |
|---|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Total endowment funds at September 30, 2021 | \$ - | \$ 1,443,666 | \$ 1,443,666 |
| Investment loss, net | - | (189,732) | (189,732) |
| Change in value of beneficial interests | - | (21,205) | (21,205) |
| Total endowment funds at September 30, 2022 | <u>\$ -</u> | <u>\$ 1,232,729</u> | <u>\$ 1,232,729</u> |
| | 2021 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Total endowment funds at September 30, 2020 | \$ - | \$ 1,136,870 | \$ 1,136,870 |
| Investment return, net | - | 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> |

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 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 \$43,409 and \$32,435, included in the accompanying consolidated statements of activities, were made for the years ended September 30, 2022 and 2021, respectively.

Note 11. Related Party Transactions

Contributions and grants for the years ended September 30, 2022 and 2021, include the following:

| | 2022 | 2021 |
|---------------------------------|---------------------|-------------------|
| Board of directors and trustees | \$ 79,045 | \$ 158,321 |
| City of Tampa | 1,133,523 | 437,400 |
| | <u>\$ 1,212,568</u> | <u>\$ 595,721</u> |

Note 12. 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, 2022 and 2021:

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 16,619,274 | \$ 15,414,200 |
| Investments | 6,118,144 | 6,297,174 |
| Accounts receivable, net | 689,028 | 265,864 |
| Grants receivable | 1,147,622 | 234,645 |
| Contributions receivable, net | 859,071 | - |
| Beneficial interest in assets held by Community Foundation | 125,308 | 146,513 |
| | <u>25,558,447</u> | <u>22,358,396</u> |
| Less amounts unavailable for general expenditures within one year due to: | | |
| Donor-imposed restrictions: | | |
| Restricted for specific purpose or time | (1,092,687) | (112,195) |
| Less expected time restriction release | 220,000 | - |
| Donor-restricted endowments | <u>(1,232,729)</u> | <u>(1,443,666)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 23,453,031</u> | <u>\$ 20,802,535</u> |

The Florida Aquarium, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 12. Availability and Liquidity (Continued)

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.

Note 13. Conditional Promises to Give From Grantors

The Aquarium has conditional promises to give from grantors of approximately \$3.7 million and \$3.3 million as of September 30, 2022 and 2021, respectively. Future payments or recognition of conditional promises to give are contingent upon the Aquarium carrying out certain stipulations of the grant or contract.

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
The Florida Aquarium, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of The Florida Aquarium, Inc. and Affiliate (the Aquarium), which comprise the consolidated statement of financial position as of September 30, 2022, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated January 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Aquarium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Aquarium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Aquarium's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Aquarium's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aquarium's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Tampa, Florida
January 31, 2023

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
The Florida Aquarium, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Florida Aquarium, Inc. and Affiliate (the Aquarium) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Aquarium's major federal programs for the year ended September 30, 2022. The Aquarium's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Aquarium complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Aquarium and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Aquarium's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Aquarium's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Aquarium's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Aquarium's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Aquarium's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Aquarium's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Aquarium's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Tampa, Florida
January 31, 2023

The Florida Aquarium, Inc. and Affiliate

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

| Federal Grantor/Pass Through Grantor/Program Title | Assistance Listing Number | Contract/Grant Number | Provided to Subrecipients | Total Federal Expenditures |
|--|---------------------------------|-----------------------|------------------------------|----------------------------------|
| Research and Development Cluster: | | | | |
| U.S. Department of Defense | | | | |
| Passed Through the University of Miami | | | | |
| Research and Technology Development | 12.910 | HR00112220041 | \$ - | \$ 122,397 |
| Total U.S. Department of Defense | | | <u>-</u> | <u>122,397</u> |
| U.S. Department of Commerce | | | | |
| National Oceanic and Atmospheric Administration | | | | |
| Passed Through Florida Fish and Wildlife Conservation Commission (FWC) | | | | |
| Bipartisan Budget Act of 2018 | 11.022 | NA19NMF0220003 | - | 135,276 |
| Passed Through the University of Miami | | | | |
| Office for Coastal Management | 11.473 | NA19NOS4730148 | - | 179,206 |
| Total U.S. Department of Commerce | | | <u>-</u> | <u>314,482</u> |
| Total Research and Development Cluster | | | <u>-</u> | <u>436,879</u> |
| U.S. Department of Commerce | | | | |
| National Oceanic and Atmospheric Administration | | | | |
| Direct: | | | | |
| NOAA Mission-Related Education Awards | 11.008 | NA18NMF0080170 | - | 20,601 |
| Habitat Conservation | 11.463 | NA20NMF4630304 | 101,483 | 249,106 |
| Passed Through Florida Fish and Wildlife Conservation Commission (FWC) | | | | |
| Bipartisan Budget Act of 2018 | 11.022 | NA19NMF0220003 | - | 296,293 |
| Passed Through National Marine Sanctuary Foundation | | | | |
| Habitat Conservation | 11.463 | NA20NMF4630328 | - | 48,143 |
| Passed Through National Fish and Wildlife Foundation (NFWF) | | | | |
| Coral Reef Conservation Program | 11.482 | NA18NOS4820181 | 43,394 | 110,836 |
| Total U.S. Department of Commerce | | | <u>144,877</u> | <u>724,979</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 144,877</u> | <u>\$ 1,161,858</u> |

See notes to schedule of expenditures of federal awards

The Florida Aquarium, Inc. and Affiliate

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2022

Note 1. Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Florida Aquarium, Inc., under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Florida Aquarium, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of The Florida Aquarium, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Florida Aquarium, Inc. elects the de minimus rate of 10% for Federal awards for determining indirect cost amounts.

The Florida Aquarium, Inc. and Affiliate

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

| | | | |
|--|--------------------|------------------|---------------|
| | Yes | <u> X </u> | No |
| | <u> Yes </u> | <u> X </u> | None Reported |

Noncompliance material to the financial statements noted?

| | | | |
|--|-----|------------------|----|
| | Yes | <u> X </u> | No |
|--|-----|------------------|----|

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

| | | | |
|--|--------------------|------------------|---------------|
| | Yes | <u> X </u> | No |
| | <u> Yes </u> | <u> X </u> | None Reported |

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

| | | | |
|--|-----|------------------|----|
| | Yes | <u> X </u> | No |
|--|-----|------------------|----|

Identification of major federal programs:

| <u>Assistance Listing Number(s):</u> | <u>Name of Federal Program or Cluster:</u> |
|--------------------------------------|---|
| 11.022 11.463 | Bipartisan Budget Act of 2018 Habitat Conservation |

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

| | | | |
|--|-----|------------------|----|
| | Yes | <u> X </u> | No |
|--|-----|------------------|----|

Section II – Financial Statement Findings

None reported.

Section III – Findings and Questioned Costs for Federal Awards

None reported.