

# **National Aquarium Institute, Inc. And Subsidiaries**

Consolidated Financial Report  
December 31, 2011

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## Independent Auditor's Report

To the Board of Directors  
National Aquarium Institute, Inc.  
Baltimore, Maryland

We have audited the accompanying consolidated statements of financial position of National Aquarium Institute, Inc. and Subsidiaries (Maryland and District of Columbia not-for-profit corporations) (the Aquarium) as of December 31, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Aquarium's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Aquarium Institute, Inc. and Subsidiaries as of December 31, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Baltimore, Maryland  
April 10, 2012

**National Aquarium Institute, Inc. And Subsidiaries**

**Consolidated Statements Of Financial Position  
December 31, 2011 And 2010**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cash And Cash Equivalents	\$ 8,718,799	\$ 8,618,493
Promises To Give And Grants Receivable, Net (Note 3)	3,090,661	3,552,541
Other Assets	1,723,424	1,878,342
Funds Held By Trustee (Note 4)	1,575,430	1,575,264
Investments (Notes 5, 9, and 12)	<u>21,749,914</u>	<u>23,029,889</u>
	<b>36,858,228</b>	<b>38,654,529</b>
Property And Equipment		
Land	2,604,364	2,604,364
Furniture, fixtures and office equipment	8,959,612	8,959,612
Other equipment	9,533,832	9,533,832
Building improvements	142,983,005	137,322,561
Construction in progress (Note 11)	<u>10,348,344</u>	<u>7,005,762</u>
	<u>174,429,157</u>	<u>165,426,131</u>
Less accumulated depreciation	<u>(73,267,945)</u>	<u>(67,070,176)</u>
<b>Property and equipment, net</b>	<b>101,161,212</b>	<b>98,355,955</b>
<b>Total assets</b>	<b><u>\$ 138,019,440</u></b>	<b><u>\$ 137,010,484</u></b>
<b>Liabilities And Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses (Notes 7 and 11)	\$ 1,892,425	\$ 2,755,924
Accrued salaries and benefits	784,143	867,032
Deferred revenue	1,855,113	1,889,752
Deferred rent (Note 11)	1,327,845	1,312,863
Note payable (Note 7)	4,871,625	4,871,625
Bonds payable (Note 6)	<u>27,609,063</u>	<u>28,691,490</u>
<b>Total liabilities</b>	<b><u>38,340,214</u></b>	<b><u>40,388,686</u></b>
Commitments And Contingencies (Notes 2, 10, and 11)		
Net Assets (Note 9)		
Unrestricted	91,675,389	90,964,320
Temporarily restricted (Note 9)	6,703,893	4,857,534
Permanently restricted (Note 9)	<u>1,299,944</u>	<u>799,944</u>
<b>Total net assets</b>	<b><u>99,679,226</u></b>	<b><u>96,621,798</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 138,019,440</u></b>	<b><u>\$ 137,010,484</u></b>

See Notes To Consolidated Financial Statements.

## National Aquarium Institute, Inc. And Subsidiaries

### Consolidated Statements Of Activities Years Ended December 31, 2011 And 2010

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Admissions	\$ 24,488,952	\$ -	\$ -	\$ 24,488,952
Contributions and grants	6,931,304	3,982,545	500,000	11,413,849
General and corporate membership programs	3,254,311	-	-	3,254,311
Gift shop and food service	2,014,953	-	-	2,014,953
Group sales	1,844,101	-	-	1,844,101
Education program	1,839,708	-	-	1,839,708
Auxiliary	1,556,361	-	-	1,556,361
Catered events	788,783	-	-	788,783
Investment income (loss) (Note 5)	(1,074,723)	(142,531)	-	(1,217,254)
Net assets released from restrictions				
Satisfaction of program restrictions	1,330,597	(1,330,597)	-	-
Satisfaction of equipment acquisition restrictions	663,058	(663,058)	-	-
<b>Total revenue, gains and other support</b>	<b>43,637,405</b>	<b>1,846,359</b>	<b>500,000</b>	<b>45,983,764</b>
Expenses (Note 13):				
Programs:				
Plant operations	7,667,587	-	-	7,667,587
Depreciation	6,197,769	-	-	6,197,769
Biological programs	8,919,699	-	-	8,919,699
Visitor operations	2,765,790	-	-	2,765,790
Education	4,204,608	-	-	4,204,608
General and corporate membership programs	558,801	-	-	558,801
Catered events	277,443	-	-	277,443
<b>Total program expenses</b>	<b>30,591,697</b>	<b>-</b>	<b>-</b>	<b>30,591,697</b>
Supporting services:				
General and administrative	3,589,118	-	-	3,589,118
Marketing	6,250,653	-	-	6,250,653
Development	1,229,417	-	-	1,229,417
Debt service (Note 6)	1,265,451	-	-	1,265,451
<b>Total supporting services expense</b>	<b>12,334,639</b>	<b>-</b>	<b>-</b>	<b>12,334,639</b>
<b>Total expenses</b>	<b>42,926,336</b>	<b>-</b>	<b>-</b>	<b>42,926,336</b>
<b>Change in net assets</b>	<b>711,069</b>	<b>1,846,359</b>	<b>500,000</b>	<b>3,057,428</b>
Net assets:				
Beginning	90,964,330	4,857,524	799,944	96,621,798
Ending	\$ 91,675,399	\$ 6,703,883	\$ 1,299,944	\$ 99,679,226

See Notes To Consolidated Financial Statements.

2010

		2010			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
\$ 24,543,773	\$ -	\$ -	\$ 24,543,773		
7,326,878	1,438,631	-	8,765,509		
3,418,768	-	-	3,418,768		
2,193,197	-	-	2,193,197		
1,933,297	-	-	1,933,297		
1,952,808	-	-	1,952,808		
2,005,975	-	-	2,005,975		
875,214	-	-	875,214		
2,916,264	448,799	-	3,365,063		
871,566	(871,566)	-	-		
561,788	(561,788)	-	-		
48,599,528	454,076	-	49,053,604		
8,472,742	-	-	8,472,742		
6,875,730	-	-	6,875,730		
8,940,449	-	-	8,940,449		
3,117,989	-	-	3,117,989		
4,548,509	-	-	4,548,509		
693,985	-	-	693,985		
333,357	-	-	333,357		
32,982,761	-	-	32,982,761		
3,442,523	-	-	3,442,523		
5,152,722	-	-	5,152,722		
1,412,780	-	-	1,412,780		
1,276,095	-	-	1,276,095		
11,284,120	-	-	11,284,120		
44,266,881	-	-	44,266,881		
4,332,647	454,076	-	4,786,723		
86,631,683	4,403,448	799,944	91,835,075		
\$ 90,964,330	\$ 4,857,524	\$ 799,944	\$ 96,621,798		

**National Aquarium Institute, Inc. And Subsidiaries**

**Consolidated Statements Of Cash Flows  
Years Ended December 31, 2011 And 2010**

	2011	2010
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 3,057,428	\$ 4,786,723
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,197,769	6,875,730
Amortization of bond issue costs and original issue premium	25,976	24,915
Increase (decrease) in discount on promises to give	13,317	(42,915)
Realized gain from sale of investments	(2,043,608)	(208,416)
Net depreciation (appreciation) in fair value of investments	3,612,813	(2,983,807)
Contributions restricted to endowment	(500,000)	-
Changes in assets and liabilities		
(Increase) decrease in:		
Promises to give and grants receivable	(1,169,193)	(632,671)
Other assets	126,515	(512,785)
Increase (decrease) in:		
Accounts payable and accrued expenses	(209,758)	(733,645)
Accrued salaries and benefits	(82,889)	(171,610)
Deferred rent	14,982	579,653
Deferred revenue	(34,639)	(392,790)
<b>Net cash provided by operating activities</b>	<b>9,008,713</b>	<b>6,588,382</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(9,656,767)	(6,981,102)
Purchases of investments	(25,437,204)	(4,839,814)
Proceeds from sale of investments	25,147,974	4,770,808
(Increase) decrease in funds held by trustee	(166)	1,719
<b>Net cash used in investing activities</b>	<b>(9,946,163)</b>	<b>(7,048,389)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from contributions restricted to long-term investment	2,117,756	464,250
Principal payments on bonds payable	(1,080,000)	(1,030,000)
<b>Net cash provided by (used in) financing activities</b>	<b>1,037,756</b>	<b>(565,750)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>100,306</b>	<b>(1,025,757)</b>
<b>Cash And Cash Equivalents:</b>		
Beginning	8,618,493	9,644,250
Ending	\$ 8,718,799	\$ 8,618,493
<b>Supplemental Disclosure Of Cash Flow Information:</b>		
Cash paid for interest	\$ 887,422	\$ 935,766
<b>Supplemental Schedule Of Noncash Investing And Financing Activities</b>		
Property and equipment purchases in accounts payable and accrued expenses	\$ 345,869	\$ 999,610

See Notes To Consolidated Financial Statements.

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: The National Aquarium Institute, Inc. and Subsidiaries (collectively, the Aquarium) is a not-for-profit corporation that operates and manages aquariums in Baltimore, Maryland and Washington, D.C., and centers for the study of marine sciences and provides recreational and educational facilities for its visitors. The National Aquarium Institute, Inc. is designated as the sole member of the National Aquarium in Baltimore, Inc., The National Aquarium Society, the National Aquarium in Baltimore Foundation, Inc., the Center for Aquatic Life and Conservation, Inc., and the National Aquarium Conservation Center, Inc. according to their charters and bylaws. As a result, the primary reporting entity under accounting principles generally accepted in the United States of America is the National Aquarium Institute, Inc. The National Aquarium Institute, Inc. had no financial activities in 2011 and 2010.

A summary of the Aquarium's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of the National Aquarium Institute, Inc. (NAI), the National Aquarium in Baltimore, Inc. (NAB), the National Aquarium in Baltimore Foundation, Inc. (Foundation), The National Aquarium Society (NADC), the Center for Aquatic Life and Conservation, Inc. (CALC) and the National Aquarium Conservation Center, Inc. (NACC). All intercompany accounts and transactions were eliminated for consolidation purposes.

Basis of accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The Aquarium is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Unrestricted net assets* – Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

*Temporarily restricted net assets* – Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Aquarium pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

*Permanently restricted net assets* – Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Aquarium's actions.

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

The Aquarium reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. 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 long those long-lived assets must be maintained, the Aquarium reports expirations of donor restrictions when the donated long-lived assets are placed in service or the acquired long-lived assets are purchased.



## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Promises to give are carried at the present value of expected future cash flows computed using a discount rate of four percent for 2011 and 2010. Amortization of the discount is included in contributions and grants revenue.

Membership revenue is recognized ratably over the term of the membership. Prepayments are recorded as deferred revenue when received.

Admissions revenue is recognized on the date of admission. Prepayments are recorded as deferred revenue when received.

Cash and cash equivalents: Cash and cash equivalents consist of cash and funds deposited in a money market fund and temporary investments with a maturity of three months or less.

Credit risk: The Aquarium maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Management considers this to be a normal business risk.

Other assets: Other assets consist of other receivables, prepaid expenses, and bond issuance costs.

Funds held by trustee: Funds held by trustee consist primarily of cash and short-term government obligations and are recorded at their fair value which equals their cost.

Investments: Investments are recorded at fair value. NADC invests in a portfolio that contains equity and fixed income mutual funds. The Foundation invests in a portfolio that contains mutual funds, equities, fixed income funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to the changes in value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the financial statements.

Bond issuance costs: Bond issuance costs related to bonds payable are being amortized over the term of the bonds using the straight-line method. Accumulated amortization of the bond issuance costs was \$166,499 and \$138,096 as of December 31, 2011 and 2010, respectively.

Property and equipment: Expenditures made by the Aquarium for portions of capital projects which the Aquarium will own are included in property and equipment at cost, if purchased, or at their fair value at the date of the gift, if donated. Expenditures made by the City of Baltimore (the City) for capital projects are not included in the Aquarium's consolidated financial statements because these assets are owned by the City.

Management's estimate of the cost of construction of both aquarium buildings, including major renovations, was approximately \$199,944,000 and \$191,173,000 as of December 31, 2011 and 2010, respectively. Of this amount, approximately \$155,318,000 and \$146,547,000 has been capitalized in the accompanying consolidated statements of financial position as of December 31, 2011 and 2010, respectively. The remaining amount is not capitalized in the accompanying consolidated financial statements as it pertains to assets paid for and owned by the City (see Note 2).

All other property and equipment are the property of the Aquarium and, accordingly, are included in the accompanying consolidated financial statements.

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

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Furniture, fixtures and office equipment	2 – 10 years
Other equipment	3 – 10 years
Building improvements	2 – 30 years

Exhibits are included in building improvements and are depreciated using the straight-line method over five years for revolving exhibits and 10 to 15 years for permanent exhibits.

Construction in progress consists of costs incurred relating to various renovation projects of existing facilities, exhibits and displays.

Valuation of long-lived assets: The Aquarium requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Deferred rent: Rents on operating leases are reported whereby total rent expense under the leases is charged to operations on a straight-line basis over the term of the related leases.

Financial instruments: The carrying amounts of financial instruments, including cash and cash equivalents, other receivables, accounts payable, accrued salaries and benefits, accrued expenses and deferred revenue approximate fair value because of the short maturity of these instruments. The carrying amount of bonds payable approximates fair value because the interest rates on these instruments fluctuate with market interest rates or the fixed rates are based on current rates offered to the Aquarium for debt with similar terms and maturities.

Volunteer services: The Aquarium recognizes as revenue and expense the fair market value of those volunteer services which are considered to be necessary to the operation of the Aquarium. Those amounts are included in the accompanying consolidated financial statements as contributions and grants revenue and as the applicable expense. The value of volunteer services was \$2,522,082 and \$2,438,720 for the years ended December 31, 2011 and 2010, respectively.

Advertising: Advertising costs are expensed as incurred and were approximately \$2,523,000 and \$1,601,000 for the years ended December 31, 2011 and 2010, respectively.

Income taxes: The Aquarium and its subsidiaries are generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Aquarium and its subsidiaries qualify for charitable contribution deductions under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under Section 509(a)(1). Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Aquarium had no net unrelated business income for the years ended December 31, 2011 and 2010.

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

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#### Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

The Aquarium has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this policy, the Aquarium may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management has evaluated the Aquarium's tax positions and has concluded that the Aquarium has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

Generally, the Aquarium is no longer subject to income tax examinations for the U.S. federal, state or local tax authorities for years before 2008.

Use of estimates: The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

New accounting standard: In May 2011, Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* (ASU 2011-04). ASU 2011-04 clarifies existing fair value measurement requirements, changes certain fair value measurement principles, and expands disclosure requirements that will be effective for the fiscal year ending December 31, 2012. Management has not yet determined the impact that ASU 2011-04 will have on the Aquarium's financial statements.

Subsequent events: The Aquarium has evaluated subsequent events through April 10, 2012, which is the date the consolidated financial statements were issued.

#### Note 2. Management And Lease Agreement

In 1987, the Aquarium entered into a management and lease agreement with the Mayor and the City Council of Baltimore for the purpose of setting forth the rights and obligations of each related to the operation, maintenance, and ownership of the Aquarium. Significant provisions of the agreement are as follows:

- The Aquarium set forth its intention to operate the facilities on a self-sustaining basis, dedicating its excess of revenue over expenses for exhibit additions, replacements and renovations.
- The Aquarium is responsible for the operation of the facilities under the general direction of the City.
- The City has legal title to certain of the real and tangible personal property located at the aquarium complex and, in the event of the Aquarium's dissolution, obtains title to all other corporate assets.
- The Aquarium is responsible for the maintenance, repair, replacement and upkeep of the exterior of the aquarium and all structural elements thereof. In addition, the Aquarium is responsible for the repair and maintenance of property and equipment such as water, electric, sewer, heating and air conditioning apparatus, and all machinery, equipment and other fixtures used in connection with the operation of the facilities.

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

#### Note 2. Management And Lease Agreement (Continued)

- The Aquarium is responsible for maintaining certain levels of comprehensive general liability, fire and extended coverage insurance as defined by the agreement.
- The original 1987 agreement, which does not require annual rental payments, was amended during 2001 to extend the lease term to 2049. The lease shall automatically renew itself for five successive terms of ten years each, upon certain conditions being met by both parties, as defined by the agreement.

#### Note 3. Promises To Give And Grants Receivable

Included in promises to give and grants receivable are the following unconditional promises to give at December 31, 2011 and 2010:

	2011	2010
Capital campaign	\$ 652,252	\$ 515,467
Capital campaign, restricted to future periods	1,497,350	847,300
Conservation, education, and other	1,044,984	2,280,382
Unconditional promises to give before present value discount	3,194,586	3,643,149
Less present value discount	(103,925)	(90,608)
Promises to give and grants receivable, net	<u>\$ 3,090,661</u>	<u>\$ 3,552,541</u>
Amounts due in:		
Less than one year	\$ 1,697,236	\$ 2,795,849
One to five years	1,440,850	779,500
Thereafter	56,500	67,800
	<u>\$ 3,194,586</u>	<u>\$ 3,643,149</u>

In 2011, the Aquarium received a conditional promise to give in the amount of \$500,000 toward future capital projects at NADC and was conditioned on certain milestones being met. During 2011, the Aquarium received a \$50,000 payment on this conditional gift, which is classified as deferred revenue on the statement of financial position at December 31, 2011.

#### Note 4. Funds Held By Trustee

Unexpended bond proceeds held by the Trustee for Maryland Industrial Development Financing Authority, which are limited as to use for debt service, are as follows at December 31, 2011 and 2010:

	2011	2010
Debt service reserve fund	\$ 1,574,235	\$ 1,574,235
Interest reserve fund	1,195	1,029
	<u>\$ 1,575,430</u>	<u>\$ 1,575,264</u>

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

#### Note 5. Investments

Investments owned by the Aquarium consist of the following at December 31, 2011 and 2010:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 322,180	\$ 322,180	\$ 241,851	\$ 241,851
Equities				
Consumer discretionary	589,943	570,298	350,179	460,629
Information technology	483,381	418,324	320,677	470,207
Industrials	250,096	202,055	54,263	152,159
Health care	231,567	178,251	235,990	290,575
Financial	110,064	107,238	478,547	540,009
Materials	84,019	72,736	-	-
Energy	76,565	60,036	284,083	349,100
Telecommunication services	38,515	36,557	39,779	45,410
Consumer staples	22,063	27,724	171,914	199,474
Mutual funds				
International	4,309,639	3,437,984	4,225,587	3,868,460
Fixed income	3,101,733	3,189,563	3,126,912	3,181,314
Growth	3,216,301	3,165,097	2,784,510	2,570,766
Value	3,275,030	3,012,134	931,972	1,150,749
Emerging market	2,840,811	2,872,744	3,599,294	4,506,633
Small cap/mid cap	2,125,156	1,739,520	2,068,936	2,598,565
Market index	1,078,253	1,413,278	913,981	1,299,675
Global hard asset	903,528	924,195	897,531	1,104,313
	<b>\$ 23,058,844</b>	<b>\$ 21,749,914</b>	<b>\$ 20,726,006</b>	<b>\$ 23,029,889</b>

Investment income (loss) is as follows for the years ended December 31, 2011 and 2010:

	2011	2010
Net unrealized (depreciation) appreciation	\$ (3,612,813)	\$ 2,983,807
Net realized gains	2,043,608	208,416
	<b>(1,569,205)</b>	<b>3,192,223</b>
Interest and dividends	351,951	172,840
	<b>\$ (1,217,254)</b>	<b>\$ 3,365,063</b>

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

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#### Note 6. Bonds Payable

In June 2002, the Maryland Industrial Development Financing Authority (MIDFA) issued tax-exempt revenue bonds in the amount of \$34,000,000 to finance various construction projects of the NAB. The bonds were issued at a premium of \$87,198, which is being amortized over the life of the bonds. Accumulated amortization of the premium was \$33,135 and \$29,647 as of December 31, 2011 and 2010, respectively.

Under the Loan Agreement entered into between the NAB and Foundation (the Borrowers) and MIDFA, the Borrowers granted to MIDFA a security interest in all of the NAB's receipts now owned or hereafter acquired.

Of the total bonds issued, \$14,000,000 was issued as variable rate demand revenue bonds (Series 2002 A Bonds). Concurrent with the issuance of the Series 2002 A Bonds, the Borrowers entered into a Letter of Credit Agreement and a bank issued an irrevocable direct-pay letter of credit to the Trustee named in the Trust Indenture executed by MIDFA. On October 7, 2009, the Series 2002 A Bonds in the amount of \$12,490,000 were redeemed. On this date, the Aquarium delivered a substitute letter of credit from another bank and the \$12,490,000 was successfully remarketed. The letter of credit expires October 15, 2014, and can have a maximum amount of \$11,540,096. Interest on the Series 2002 A Bonds is payable monthly through 2031. Principal is payable annually on November 1 continuing through 2031. The interest rate on the Series 2002 A Bonds adjusts weekly and was .12 percent and .38 percent at December 31, 2011 and 2010, respectively.

The outstanding balance of these bonds was \$11,415,000 and \$11,785,000 as of December 31, 2011 and 2010, respectively.

The Series 2002A Bonds carry a demand purchase option, whereby any Series 2002A Bonds that bear interest at either the daily rate or weekly rate shall be purchased from the registered owners thereof at a purchase price equal to 100 percent of the principal amount tendered or deemed tendered, plus accrued and unpaid interest thereon to the date of purchase.

The originally issued \$20,000,000 of Series 2002 B Bonds bears interest at rates ranging from 3.20 percent to 5.00 percent on the \$6,205,000 of serial bonds and 5.00 percent to 5.50 percent on the \$13,795,000 of term bonds. Interest is payable semi-annually on May 1 and November 1. Principal is payable annually through November 2026. The outstanding balance of these bonds was \$16,140,000 and \$16,850,000 as of December 31, 2011 and 2010, respectively.

The loan agreement and letter of credit agreement contain certain financial covenants.

Principal payment requirements on bonds payable at December 31, 2011, are due in future years as follows:

Years Ending December 31,	
2012	\$ 1,125,000
2013	1,185,000
2014	1,230,000
2015	1,285,000
2016	1,350,000
Thereafter	21,380,000
	<hr/>
	27,555,000
Unamortized premium	54,063
	<hr/>
	<u>\$ 27,609,063</u>

## **National Aquarium Institute, Inc. And Subsidiaries**

### **Notes To Consolidated Financial Statements**

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#### **Note 7. Note Payable**

On February 7, 2007, CALC purchased 21.0 acres of land, which contained the central garage and repair facility for the Baltimore City Department of Public Works (DPW), for \$250,000. In addition, CALC was required to provide up to \$7,975,000 toward the cost of constructing a new garage for DPW, as defined in the agreement.

In conjunction with the purchase, CALC received a \$5,000,000 investment from the City of Baltimore Development Corporation (BDC) for acquisition and development of the expected site for CALC. The investment is to be repaid from the development fees received by CALC as defined in the agreement. There were no development fees received by CALC in 2011 or 2010. The funds were provided by way of a reinvestment agreement between CALC and BDC. The reinvestment agreement is parallel to an investment agreement between the Department of Business and Economic Development of the State of Maryland and BDC. The balance due under this agreement is \$4,871,625 at both December 31, 2011 and 2010.

#### **Note 8. Line Of Credit**

The Aquarium had an unsecured \$7,500,000 revolving line of credit with a floating rate of interest equal to the London Interbank Offered Rate (LIBOR) plus 150 basis points. The line of credit expires in October 2012. There was no outstanding balance on the line of credit as of December 31, 2011 and 2010.

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

#### Note 9. Temporarily And Permanently Restricted Net Assets

Temporarily restricted net assets as of December 31, 2011 and 2010, are available for the following purposes:

	2011	2010
NAB:		
Unfunded capital expansion	\$ 1,628,383	\$ 945,267
Funded capital expansion	1,214,318	474,996
Biological program activities	53,518	38,062
Conservation programs	369,645	227,465
Capital development sponsorship	41,666	83,333
Henry Hall activities	111,494	119,706
Education activities	87,849	115,940
<b>Total NAB</b>	<b>3,506,873</b>	<b>2,004,769</b>
Foundation:		
Biological program activities	533,507	610,316
Lecture series	700,284	743,367
Education activities	379,590	450,311
Henry Hall activities	283,755	249,841
Professional excellence	106,796	123,910
<b>Total Foundation</b>	<b>2,003,932</b>	<b>2,177,745</b>
NADC:		
Funded capital expansion	703,130	165,600
Unfunded capital expansion	340,950	199,999
Biological program activities	72,665	64,486
<b>Total NADC</b>	<b>1,116,745</b>	<b>430,085</b>
CALC - Capital expansion	-	27,435
NACC:		
Unfunded capital campaign	76,343	217,500
<b>Total NACC</b>	<b>76,343</b>	<b>217,500</b>
	<b>\$ 6,703,893</b>	<b>\$ 4,857,534</b>



## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

#### Note 9. Temporarily And Permanently Restricted Net Assets (Continued)

Permanently restricted net assets as of December 31, 2011 and 2010, are held by the National Aquarium in Baltimore Foundation, Inc. and are restricted for the following purposes:

	2011	2010
Professional excellence	\$ 250,000	\$ 250,000
Marine life accessions	250,000	250,000
Education center	299,944	299,944
Aquarium science and medicine	500,000	-
	<u>\$ 1,299,944</u>	<u>\$ 799,944</u>

The earnings are directed for use by the donors and are accounted for in the temporarily restricted funds until transfers are made to the Aquarium and used for their designated purposes.

The James McBride Endowment of \$149,944, with additional support by the National Aquarium in Baltimore Foundation, Inc. of \$150,000, was established to provide funds for education for professional staff.

The Blaustein Foundation has established endowed funds to provide grants to the Aquarium to finance purchases of aquarium specimens and to support programming activities of the Aquatic Education Resource Center. The original endowments were \$250,000 each and income from the endowments has been used for the intended purposes. Based on need and approval, annual earnings are used for grants to the Aquarium and those earnings in excess of expenditures are to be temporarily restricted for the designated purposes.

A donor has established endowed funds in the form of a \$500,000 bequest to aid in providing additional veterinary support to the Aquarium. Additional funds are expected in 2012 when the estate is liquidated.

Interpretation of relevant law: The Board of Directors of the Aquarium has interpreted the Maryland-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Aquarium classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets based on the donor's stipulations.

Return objectives and risk parameters: The Aquarium's objective is to earn a respectable long-term, risk adjusted total rate of return to support the designated programs. The Aquarium recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. The generation of current income will be a secondary consideration. The Aquarium targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Aquarium has established a policy portfolio, or normal asset allocation. While the policy portfolio can be adjusted from time to time, it is designated to serve for long-time horizons based upon long-term expected returns.

Endowment spending policy: The Aquarium will plan for expenditures in its annual budget a maximum of five percent of the rolling average of the market value of the endowment assets over the preceding 12 quarters, with the base adjusted for new capital contributions to the endowment. There may be times

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

#### Note 9. Temporarily And Permanently Restricted Net Assets (Continued)

Endowment spending policy: The Aquarium will plan for expenditures in its annual budget a maximum of five percent of the rolling average of the market value of the endowment assets over the preceding 12 quarters, with the base adjusted for new capital contributions to the endowment. There may be times when the Aquarium may opt not to take the maximum spending rate but rather to reinvest some of the annual return.

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,019,934	\$ 1,299,944	\$ 2,319,878
Non-endowment funds	91,675,389	5,683,959	-	97,359,348
<b>Total funds</b>	<b>\$ 91,675,389</b>	<b>\$ 6,703,893</b>	<b>\$ 1,299,944</b>	<b>\$ 99,679,226</b>

  

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,184,576	\$ 799,944	\$ 1,984,520
Non-endowment funds	90,964,320	3,672,958	-	94,637,278
<b>Total funds</b>	<b>\$ 90,964,320</b>	<b>\$ 4,857,534</b>	<b>\$ 799,944</b>	<b>\$ 96,621,798</b>

#### Changes In Endowment Net Assets Years Ended December 31, 2011 And 2010

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of the year	\$ -	\$ 1,184,576	\$ 799,944	\$ 1,984,520
Investment return:				
Contributions	-	-	500,000	500,000
Investment income	-	40,823	-	40,823
Net depreciation	-	(141,398)	-	(141,398)
<b>Total investment return</b>	<b>-</b>	<b>(100,575)</b>	<b>500,000</b>	<b>399,425</b>
Appropriation of endowment assets for expenditure	-	(64,067)	-	(64,067)
<b>Endowment net assets, end of the year</b>	<b>\$ -</b>	<b>\$ 1,019,934</b>	<b>\$ 1,299,944</b>	<b>\$ 2,319,878</b>

  

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of the year	\$ -	\$ 945,862	\$ 799,944	\$ 1,745,806
Investment return:				
Investment income	-	71,129	-	71,129
Net appreciation	-	237,910	-	237,910
<b>Total investment return</b>	<b>-</b>	<b>309,039</b>	<b>-</b>	<b>309,039</b>
Appropriation of endowment assets for expenditure	-	(70,325)	-	(70,325)
<b>Endowment net assets, end of the year</b>	<b>\$ -</b>	<b>\$ 1,184,576</b>	<b>\$ 799,944</b>	<b>\$ 1,984,520</b>

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

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#### Note 10. Employee Benefit Plans

The Aquarium has a 401(k) plan for employees. The 401(k) plan provides a 50 percent match on participants' contributions up to three percent for both 2010 and 2009. The Plan also provides for discretionary employer contributions, but employer contributions were not made in 2011 and 2010. The 401(k) plan expense was approximately \$153,000 and \$164,000 for the years ended December 31, 2011 and 2010, respectively.

The Aquarium also has a 403(b) plan for its employees. The 403(b) plan provides employees with an additional means of contributing to a pretax retirement program. This Plan is strictly employee based and there are no matching contributions.

#### Note 11. Commitments And Contingencies

Commitments: The Aquarium leases office, warehouse, aquatic tank space, and an exhibit under operating lease agreements. Total expense, net of sublease income, for these leases was approximately \$831,000 and \$900,000 for the years ended December 31, 2011 and 2010, respectively. Beginning January 31, 2007, the Aquarium has an agreement to sublease office space under a noncancelable operating sublease expiring March 2018, subject to two opt out provisions by the sub-lessee after 40 months and 88 months. The opt-out provision after 40 months was not exercised.

Approximate future minimum annual payments and receipts under all noncancelable leases are as follows:

Years Ending December 31,	Gross Rent Payments	Sublease Receipts	Net Payments
2012	\$ 1,027,877	\$ 185,461	\$ 842,416
2013	1,062,830	190,097	872,733
2014	1,095,241	194,836	900,405
2015	1,128,670	199,676	928,994
2016	1,163,333	204,678	958,655
Thereafter	5,380,254	298,152	5,082,102
	<u>\$ 10,858,205</u>	<u>\$ 1,272,900</u>	<u>\$ 9,585,305</u>

Litigation: Lawsuits and claims are filed from time-to-time against the Aquarium in the ordinary course of business. The Aquarium, after reviewing developments to date with legal counsel, is of the opinion that the outcome of such matters will not have a material adverse effect on the Aquarium's consolidated financial statements.

Capital projects: As of December 31, 2011, the Aquarium has signed contract commitments for approximately \$2,806,000 of capital projects.

Self-insurance program: The Aquarium maintains a self-insured medical plan for the benefit of its employees. The medical plan is administered through a contractual relationship with an unrelated company. The Aquarium is responsible for all claims incurred up to the amount of its stop loss insurance, which it maintains on both a "per employee" basis and in the aggregate. The Aquarium's expense under the self-insured medical plan amounted to approximately \$1,140,000 and \$1,212,000 for the years ended December 31, 2011 and 2010, respectively. The Aquarium includes a provision for estimated claims in accounts payable and accrued expenses on the consolidated statements of financial position.

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

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#### Note 12. Fair Value Measurements

The Aquarium defines fair value as the price 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 and within a fair value hierarchy. The fair value hierarchy gives the highest rank to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest rank to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities and holdings in mutual funds are types of investments included in Level 1.

Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds, and over-the-counter derivatives.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Aquarium's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by the Aquarium:

Level 1 – Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2 – Not applicable.

Level 3 – Not applicable.

## National Aquarium Institute, Inc. And Subsidiaries

### Notes To Consolidated Financial Statements

#### Note 12. Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at December 31, 2011 and 2010:

	2011			2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities						
Consumer discretionary	\$ 570,298	\$ -	\$ -	\$ 460,629	\$ -	\$ -
Information technology	418,324	-	-	470,207	-	-
Industrials	202,055	-	-	152,159	-	-
Health care	178,251	-	-	290,575	-	-
Financial	107,238	-	-	540,009	-	-
Materials	72,736	-	-	-	-	-
Energy	60,036	-	-	349,100	-	-
Telecommunication services	36,557	-	-	45,410	-	-
Consumer staples	27,724	-	-	199,474	-	-
Mutual funds						
International	3,437,984	-	-	3,868,460	-	-
Fixed income	3,189,563	-	-	3,181,314	-	-
Growth	3,165,097	-	-	2,570,766	-	-
Value	3,012,134	-	-	1,150,749	-	-
Emerging market	2,872,744	-	-	4,506,633	-	-
Small cap/mid cap	1,739,520	-	-	2,598,565	-	-
Market index	1,413,278	-	-	1,299,675	-	-
Global hard asset	924,195	-	-	1,104,313	-	-
	<u>\$ 21,427,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,788,038</u>	<u>\$ -</u>	<u>\$ -</u>

The Aquarium excludes cash and cash equivalents from the fair value hierarchy as cash is generally measured at cost. As such, \$322,180 and \$241,851 of cash equivalents and a certificate of deposit, in the Aquarium's investment portfolio at December 31, 2011 and 2010, respectively, has been excluded from this table.

#### Note 13. Expenses By Natural Classification

Expenses by natural classification for the years ended December 31, 2011 and 2010, are as follows:

	2011	2010
Salaries and benefits	\$ 16,245,287	\$ 17,144,479
Depreciation and amortization	6,222,684	6,900,645
Purchased services	7,439,250	6,774,286
Supplies and other	10,427,623	10,986,872
Volunteer services and in-kind contributions	2,591,492	2,460,599
	<u>\$ 42,926,336</u>	<u>\$ 44,266,881</u>



## Independent Auditor's Report On The Supplementary Information

To the Board of Directors  
National Aquarium Institute, Inc.  
Baltimore, Maryland

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

*McGladrey & Pullen, LLP*

Baltimore, Maryland  
April 10, 2012

# National Aquarium Institute, Inc. And Subsidiaries

## Consolidating Statements Of Financial Position December 31, 2011 And 2010

2011

Assets	National Aquarium In Baltimore, Inc.		Center For Aquatic Life And Conservation, Inc.		The National Aquarium Conservation Center, Inc.		Eliminations	Total
	National Aquarium In Baltimore, Inc.	National Aquarium In Baltimore Foundation, Inc.	Center For Aquatic Life And Conservation, Inc.	The National Aquarium Society	National Aquarium Conservation Center, Inc.			
<b>Assets</b>								
Cash and cash equivalents	\$ 7,191,445	\$ -	\$ 1,500,034	\$ 27,320	\$ -	\$ -	\$ -	\$ 8,718,799
Promises to give and grants receivable, net	2,583,368	-	90,000	340,950	76,343	-	-	3,090,661
Due from affiliate	238,475	783,034	411,298	650,412	120,096	(2,203,315)	-	-
Other assets	1,706,290	3,145	-	13,989	-	-	-	1,723,424
Funds held by trustee	1,575,430	-	-	-	-	-	-	1,575,430
Investments	-	20,011,510	-	1,738,404	-	-	-	21,749,914
	<b>13,295,008</b>	<b>20,797,689</b>	<b>2,001,332</b>	<b>2,771,075</b>	<b>196,439</b>	<b>(2,203,315)</b>		<b>36,858,228</b>
<b>Property And Equipment</b>								
Land	-	-	2,604,364	-	-	-	-	2,604,364
Furniture, fixtures and office equipment	8,892,599	-	-	67,013	-	-	-	8,959,612
Other equipment	8,151,466	-	-	1,382,366	-	-	-	9,533,832
Building improvements	142,134,492	-	-	848,513	-	-	-	142,983,005
Construction in progress	3,069,106	-	6,723,423	555,815	-	-	-	10,348,344
	<b>162,247,663</b>	<b>-</b>	<b>9,327,787</b>	<b>2,853,707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,429,157</b>
Less accumulated depreciation	(72,210,490)	-	-	(1,057,455)	-	-	-	(73,267,945)
<b>Property and equipment, net</b>	<b>90,037,173</b>	<b>-</b>	<b>9,327,787</b>	<b>1,796,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,161,212</b>
<b>Total assets</b>	<b>\$ 103,332,181</b>	<b>\$ 20,797,689</b>	<b>\$ 11,329,119</b>	<b>\$ 4,567,327</b>	<b>\$ 196,439</b>	<b>\$ (2,203,315)</b>	<b>\$</b>	<b>\$ 138,019,440</b>
<b>Liabilities And Net Assets</b>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 1,877,425	\$ 12,500	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ 1,892,425
Accrued salaries and benefits	776,813	-	-	7,330	-	-	-	784,143
Due to affiliate	1,553,542	-	238,475	-	411,298	(2,203,315)	-	-
Deferred revenue	1,797,751	-	-	57,362	-	-	-	1,855,113
Deferred rent	1,327,845	-	-	-	-	-	-	1,327,845
Note payable	-	-	4,871,625	-	-	-	-	4,871,625
Bonds payable	27,609,063	-	-	-	-	-	-	27,609,063
<b>Total liabilities</b>	<b>34,942,439</b>	<b>12,500</b>	<b>5,110,100</b>	<b>67,192</b>	<b>411,298</b>	<b>(2,203,315)</b>	<b></b>	<b>38,340,214</b>
<b>Net Assets (Deficit)</b>								
Unrestricted	64,882,869	17,481,313	6,219,019	3,383,390	(291,202)	-	-	91,675,389
Temporarily restricted	3,506,873	2,003,932	-	1,116,745	76,343	-	-	6,703,893
Permanently restricted	-	1,299,944	-	-	-	-	-	1,299,944
<b>Total net assets</b>	<b>68,389,742</b>	<b>20,785,189</b>	<b>6,219,019</b>	<b>4,500,135</b>	<b>(214,859)</b>	<b>-</b>	<b>-</b>	<b>99,679,226</b>
<b>Total liabilities and net assets</b>	<b>\$ 103,332,181</b>	<b>\$ 20,797,689</b>	<b>\$ 11,329,119</b>	<b>\$ 4,567,327</b>	<b>\$ 196,439</b>	<b>\$ (2,203,315)</b>	<b>\$</b>	<b>\$ 138,019,440</b>

2010

National Aquarium In Baltimore, Inc.	National Aquarium In Baltimore Foundation, Inc.	Center For Aquatic Life And Conservation, Inc.	The National Aquarium Society	National Aquarium Conservation Center, Inc.	Eliminations	Total
\$ 6,704,036	\$ -	\$ 1,766,090	\$ 148,367	\$ -	\$ -	\$ 8,618,493
2,789,310	-	90,000	455,731	217,500	-	3,552,541
384,446	272,066	-	-	-	(656,512)	-
1,851,628	6,407	-	20,307	-	-	1,878,342
1,575,264	-	-	-	-	-	1,575,264
-	21,265,309	-	1,764,580	-	-	23,029,889
13,304,684	21,543,782	1,856,090	2,388,985	217,500	(656,512)	38,654,529
-	-	2,604,364	-	-	-	2,604,364
8,892,599	-	-	67,013	-	-	8,959,612
8,151,466	-	-	1,382,366	-	-	9,533,832
136,474,048	-	-	848,513	-	-	137,322,561
507,148	-	6,491,484	7,130	-	-	7,005,762
154,025,261	-	9,095,848	2,305,022	-	-	165,426,131
(66,093,414)	-	-	(976,762)	-	-	(67,070,176)
87,931,847	-	9,095,848	1,328,260	-	-	98,355,955
\$ 101,236,531	\$ 21,543,782	\$ 10,951,938	\$ 3,717,245	\$ 217,500	\$ (656,512)	\$ 137,010,484
\$ 2,740,924	\$ 12,500	\$ -	\$ 2,500	\$ -	\$ -	\$ 2,755,924
859,702	-	-	7,330	-	-	867,032
272,066	9,536	260,888	93,562	20,460	(656,512)	-
1,628,362	-	-	261,390	-	-	1,889,752
1,312,863	-	-	-	-	-	1,312,863
-	-	4,871,625	-	-	-	4,871,625
28,691,490	-	-	-	-	-	28,691,490
35,505,407	22,036	5,132,513	364,782	20,460	(656,512)	40,388,686
63,726,355	18,544,057	5,791,990	2,922,378	(20,460)	-	90,964,320
2,004,769	2,177,745	27,435	430,085	217,500	-	4,857,534
-	799,944	-	-	-	-	799,944
65,731,124	21,521,746	5,819,425	3,352,463	197,040	-	96,621,798
\$ 101,236,531	\$ 21,543,782	\$ 10,951,938	\$ 3,717,245	\$ 217,500	\$ (656,512)	\$ 137,010,484



# National Aquarium Institute, Inc. And Subsidiaries

## Consolidating Statement Of Activities Year Ended December 31, 2011

	National Aquarium In Baltimore, Inc.			National Aquarium In Baltimore Foundation, Inc.				Center For Aquatic Life And Conservation, Inc.		
	Unrestricted	Temporarily		Unrestricted	Temporarily		Total	Unrestricted	Temporarily	
		Restricted	Total		Restricted	Permanently Restricted			Restricted	Restricted
Revenue, gains and other support:										
Admissions	\$ 22,972,370	\$ -	\$ 22,972,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and grants	6,405,239	2,913,119	9,318,358	-	105,317	500,000	605,317	145,000	200,000	345,000
General and corporate membership programs	3,254,311	-	3,254,311	-	-	-	-	-	-	-
Gift shop and food service	2,001,158	-	2,001,158	-	-	-	-	-	-	-
Group sales	1,829,773	-	1,829,773	-	-	-	-	-	-	-
Education program	1,816,846	-	1,816,846	-	-	-	-	-	-	-
Auxiliary	1,550,031	-	1,550,031	-	-	-	-	3,000	-	3,000
Catered events	750,517	-	750,517	-	-	-	-	-	-	-
Investment income (loss)	161	-	161	(1,058,515)	(142,531)	-	(1,201,046)	-	-	-
Intercompany grants	82,468	-	82,468	-	-	-	-	70,000	-	70,000
Net assets released from restrictions										
Satisfaction of program restrictions	747,957	(747,957)	-	136,599	(136,599)	-	-	227,435	(227,435)	-
Satisfaction of equipment acquisition restrictions	663,058	(663,058)	-	-	-	-	-	-	-	-
<b>Total revenue, gains and other support</b>	<b>42,073,889</b>	<b>1,502,104</b>	<b>43,575,993</b>	<b>(921,916)</b>	<b>(173,813)</b>	<b>500,000</b>	<b>(595,729)</b>	<b>445,435</b>	<b>(27,435)</b>	<b>418,000</b>
Expenses:										
Programs:										
Plant operations	7,667,587	-	7,667,587	-	-	-	-	-	-	-
Depreciation	6,117,076	-	6,117,076	-	-	-	-	-	-	-
Biological programs	7,537,595	-	7,537,595	-	-	-	-	-	-	-
Visitor operations	2,635,289	-	2,635,289	-	-	-	-	-	-	-
Education	4,128,040	-	4,128,040	-	-	-	-	-	-	-
Intercompany grants	112,998	-	112,998	82,468	-	-	82,468	-	-	-
General and corporate membership programs	558,801	-	558,801	-	-	-	-	-	-	-
Catered events	277,443	-	277,443	-	-	-	-	-	-	-
<b>Total program expenses</b>	<b>29,034,829</b>	<b>-</b>	<b>29,034,829</b>	<b>82,468</b>	<b>-</b>	<b>-</b>	<b>82,468</b>	<b>-</b>	<b>-</b>	<b>-</b>
Supporting services:										
General and administrative	3,393,060	-	3,393,060	58,360	-	-	58,360	18,406	-	18,406
Marketing	6,008,582	-	6,008,582	-	-	-	-	-	-	-
Development	1,215,453	-	1,215,453	-	-	-	-	-	-	-
Debt service	1,265,451	-	1,265,451	-	-	-	-	-	-	-
<b>Total supporting services expense</b>	<b>11,882,546</b>	<b>-</b>	<b>11,882,546</b>	<b>58,360</b>	<b>-</b>	<b>-</b>	<b>58,360</b>	<b>18,406</b>	<b>-</b>	<b>18,406</b>
<b>Total expenses</b>	<b>40,917,375</b>	<b>-</b>	<b>40,917,375</b>	<b>140,828</b>	<b>-</b>	<b>-</b>	<b>140,828</b>	<b>18,406</b>	<b>-</b>	<b>18,406</b>
<b>Change in net assets</b>	<b>1,156,514</b>	<b>1,502,104</b>	<b>2,658,618</b>	<b>(1,062,744)</b>	<b>(173,813)</b>	<b>500,000</b>	<b>(736,557)</b>	<b>427,029</b>	<b>(27,435)</b>	<b>399,594</b>
Net assets:										
Beginning	63,726,355	2,004,769	65,731,124	18,544,057	2,177,745	799,944	21,521,746	5,791,990	27,435	5,819,425
Ending	\$ 64,882,869	\$ 3,506,873	\$ 68,389,742	\$ 17,481,313	\$ 2,003,932	\$ 1,299,944	\$ 20,785,189	\$ 6,219,019	\$ -	\$ 6,219,019

The National Aquarium Society			National Aquarium Conservation Center, Inc.			Eliminations		Total			
Temporarily		Total	Temporarily		Total	Unrestricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Unrestricted	Restricted		Unrestricted	Restricted							
\$ 1,516,582	\$ -	\$ 1,516,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,488,952	\$ -	\$ -	\$ 24,488,952
319,499	768,096	1,087,595	61,566	(3,987)	57,579	-	-	6,931,304	3,982,545	500,000	11,413,849
-	-	-	-	-	-	-	-	3,254,311	-	-	3,254,311
13,795	-	13,795	-	-	-	-	-	2,014,953	-	-	2,014,953
14,328	-	14,328	-	-	-	-	-	1,844,101	-	-	1,844,101
22,862	-	22,862	-	-	-	-	-	1,839,708	-	-	1,839,708
3,330	-	3,330	-	-	-	-	-	1,556,361	-	-	1,556,361
38,266	-	38,266	-	-	-	-	-	788,783	-	-	788,783
(16,369)	-	(16,369)	-	-	-	-	-	(1,074,723)	(142,531)	-	(1,217,254)
-	-	-	42,998	-	42,998	(195,466)	(195,466)	-	-	-	-
81,436	(81,436)	-	137,170	(137,170)	-	-	-	1,330,597	(1,330,597)	-	-
-	-	-	-	-	-	-	-	663,058	(663,058)	-	-
1,993,729	686,660	2,680,389	241,734	(141,157)	100,577	(195,466)	(195,466)	43,637,405	1,846,359	500,000	45,983,764
-	-	-	-	-	-	-	-	7,667,587	-	-	7,667,587
80,693	-	80,693	-	-	-	-	-	6,197,769	-	-	6,197,769
869,628	-	869,628	512,476	-	512,476	-	-	8,919,699	-	-	8,919,699
130,501	-	130,501	-	-	-	-	-	2,765,790	-	-	2,765,790
76,568	-	76,568	-	-	-	-	-	4,204,608	-	-	4,204,608
-	-	-	-	-	-	(195,466)	(195,466)	-	-	-	-
-	-	-	-	-	-	-	-	558,801	-	-	558,801
-	-	-	-	-	-	-	-	277,443	-	-	277,443
1,157,390	-	1,157,390	512,476	-	512,476	(195,466)	(195,466)	30,591,697	-	-	30,591,697
119,292	-	119,292	-	-	-	-	-	3,589,118	-	-	3,589,118
242,071	-	242,071	-	-	-	-	-	6,250,653	-	-	6,250,653
13,964	-	13,964	-	-	-	-	-	1,229,417	-	-	1,229,417
-	-	-	-	-	-	-	-	1,265,451	-	-	1,265,451
375,327	-	375,327	-	-	-	-	-	12,334,639	-	-	12,334,639
1,532,717	-	1,532,717	512,476	-	512,476	(195,466)	(195,466)	42,926,336	-	-	42,926,336
461,012	686,660	1,147,672	(270,742)	(141,157)	(411,899)	-	-	711,069	1,846,359	500,000	3,057,428
2,922,378	430,085	3,352,463	(20,460)	217,500	197,040	-	-	90,964,320	4,857,534	799,944	96,621,798
\$ 3,383,390	\$ 1,116,745	\$ 4,500,135	\$ (291,202)	\$ 76,343	\$ (214,859)	\$ -	\$ -	\$ 91,675,389	\$ 6,703,893	\$ 1,299,944	\$ 99,679,226

## National Aquarium Institute, Inc. And Subsidiaries

### Consolidating Statement Of Activities Year Ended December 31, 2010

	National Aquarium In Baltimore, Inc.			National Aquarium In Baltimore Foundation, Inc.				Center For Aquatic Life And Conservation, Inc.		
	Unrestricted	Temporarily		Unrestricted	Temporarily		Total	Temporarily		
		Restricted	Total		Restricted	Restricted		Restricted	Unrestricted	Restricted
Revenue, gains and other support:										
Admissions	\$ 23,163,867	\$ -	\$ 23,163,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and grants	5,900,463	780,528	6,680,991	5,312	58,756	-	64,068	1,166,145	-	1,166,145
General and corporate membership programs	3,414,144	-	3,414,144	-	-	-	-	-	-	-
Gift shop and food service	2,175,941	-	2,175,941	-	-	-	-	-	-	-
Group sales	1,933,297	-	1,933,297	-	-	-	-	-	-	-
Education program	1,952,808	-	1,952,808	-	-	-	-	-	-	-
Auxiliary	2,002,037	-	2,002,037	-	-	-	-	-	-	-
Catered events	846,059	-	846,059	-	-	-	-	-	-	-
Investment income (loss)	163	-	163	2,703,161	448,799	-	3,151,960	-	-	-
Intercompany grants	136,016	-	136,016	-	-	-	-	-	-	-
Net assets released from restrictions										
Satisfaction of program restrictions	702,256	(702,256)	-	82,016	(82,016)	-	-	-	-	-
Satisfaction of equipment acquisition restrictions	561,788	(561,788)	-	-	-	-	-	-	-	-
<b>Total revenue, gains and other support</b>	<b>42,788,839</b>	<b>(483,516)</b>	<b>42,305,323</b>	<b>2,790,489</b>	<b>425,539</b>	<b>-</b>	<b>3,216,028</b>	<b>1,166,145</b>	<b>-</b>	<b>1,166,145</b>
Expenses:										
Programs:										
Plant operations	8,472,742	-	8,472,742	-	-	-	-	-	-	-
Depreciation	6,788,511	-	6,788,511	-	-	-	-	-	-	-
Biological programs	7,560,271	-	7,560,271	-	-	-	-	-	-	-
Visitor operations	3,084,852	-	3,084,852	-	-	-	-	-	-	-
Education	4,464,268	-	4,464,268	-	-	-	-	-	-	-
Intercompany grants	118,365	-	118,365	82,016	-	-	82,016	483,467	-	483,467
General and corporate membership programs	693,985	-	693,985	-	-	-	-	-	-	-
Catered events	333,357	-	333,357	-	-	-	-	-	-	-
<b>Total program expenses</b>	<b>31,516,351</b>	<b>-</b>	<b>31,516,351</b>	<b>82,016</b>	<b>-</b>	<b>-</b>	<b>82,016</b>	<b>483,467</b>	<b>-</b>	<b>483,467</b>
Supporting services:										
General and administrative	3,149,625	-	3,149,625	66,266	-	-	66,266	22,051	-	22,051
Marketing	4,834,913	-	4,834,913	-	-	-	-	-	-	-
Development	1,354,112	-	1,354,112	-	-	-	-	-	-	-
Debt service	1,276,095	-	1,276,095	-	-	-	-	-	-	-
<b>Total supporting services expense</b>	<b>10,614,745</b>	<b>-</b>	<b>10,614,745</b>	<b>66,266</b>	<b>-</b>	<b>-</b>	<b>66,266</b>	<b>22,051</b>	<b>-</b>	<b>22,051</b>
<b>Total expenses</b>	<b>42,131,096</b>	<b>-</b>	<b>42,131,096</b>	<b>148,282</b>	<b>-</b>	<b>-</b>	<b>148,282</b>	<b>505,518</b>	<b>-</b>	<b>505,518</b>
<b>Change in net assets</b>	<b>657,743</b>	<b>(483,516)</b>	<b>174,227</b>	<b>2,642,207</b>	<b>425,539</b>	<b>-</b>	<b>3,067,746</b>	<b>660,627</b>	<b>-</b>	<b>660,627</b>
Net assets:										
Beginning	63,068,612	2,488,285	65,556,897	15,901,850	1,752,206	799,944	18,454,000	5,131,363	27,435	5,158,798
Ending	\$ 63,726,355	\$ 2,004,769	\$ 65,731,124	\$ 18,544,057	\$ 2,177,745	\$ 799,944	\$ 21,521,746	\$ 5,791,990	\$ 27,435	\$ 5,819,425

The National Aquarium Society			National Aquarium Conservation Center, Inc.			Eliminations		Total			
Temporarily		Total	Temporarily		Total	Unrestricted	Total	Unrestricted	Temporarily		Total
Unrestricted	Restricted		Unrestricted	Restricted					Restricted	Permanently	
\$ 1,379,906	\$ -	\$ 1,379,906	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,543,773	\$ -	\$ -	\$ 24,543,773
142,958	381,847	524,805	112,000	217,500	329,500	-	-	7,326,878	1,438,631	-	8,765,509
4,624	-	4,624	-	-	-	-	-	3,418,768	-	-	3,418,768
17,256	-	17,256	-	-	-	-	-	2,193,197	-	-	2,193,197
-	-	-	-	-	-	-	-	1,933,297	-	-	1,933,297
-	-	-	-	-	-	-	-	1,952,808	-	-	1,952,808
3,938	-	3,938	-	-	-	-	-	2,005,975	-	-	2,005,975
29,155	-	29,155	-	-	-	-	-	875,214	-	-	875,214
212,940	-	212,940	-	-	-	-	-	2,916,264	448,799	-	3,365,063
23,000	-	23,000	524,832	-	524,832	(683,848)	(683,848)	-	-	-	-
83,284	(83,284)	-	4,000	(4,000)	-	-	-	871,556	(871,556)	-	-
-	-	-	-	-	-	-	-	561,788	(561,788)	-	-
1,897,061	298,563	2,195,624	640,832	213,500	854,332	(683,848)	(683,848)	48,599,518	454,086	-	49,053,604
-	-	-	-	-	-	-	-	8,472,742	-	-	8,472,742
87,219	-	87,219	-	-	-	-	-	6,875,730	-	-	6,875,730
718,886	-	718,886	661,292	-	661,292	-	-	8,940,449	-	-	8,940,449
33,137	-	33,137	-	-	-	-	-	3,117,989	-	-	3,117,989
84,241	-	84,241	-	-	-	-	-	4,548,509	-	-	4,548,509
-	-	-	-	-	-	(683,848)	(683,848)	-	-	-	-
-	-	-	-	-	-	-	-	693,985	-	-	693,985
-	-	-	-	-	-	-	-	333,357	-	-	333,357
923,483	-	923,483	661,292	-	661,292	(683,848)	(683,848)	32,982,761	-	-	32,982,761
204,581	-	204,581	-	-	-	-	-	3,442,523	-	-	3,442,523
317,809	-	317,809	-	-	-	-	-	5,152,722	-	-	5,152,722
58,668	-	58,668	-	-	-	-	-	1,412,780	-	-	1,412,780
-	-	-	-	-	-	-	-	1,276,095	-	-	1,276,095
581,058	-	581,058	-	-	-	-	-	11,284,120	-	-	11,284,120
1,504,541	-	1,504,541	661,292	-	661,292	(683,848)	(683,848)	44,266,881	-	-	44,266,881
392,520	298,563	691,083	(20,460)	213,500	193,040	-	-	4,332,637	454,086	-	4,786,723
2,529,858	131,522	2,661,380	-	4,000	4,000	-	-	86,631,683	4,403,448	799,944	91,835,075
\$ 2,922,378	\$ 430,085	\$ 3,352,463	\$ (20,460)	\$ 217,500	\$ 197,040	\$ -	\$ -	\$ 90,964,320	\$ 4,857,534	\$ 799,944	\$ 96,621,798