

National Aquarium Institute, Inc. And Subsidiaries

Consolidated Financial Report
December 31, 2012

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of National Aquarium Institute, Inc. and its subsidiaries (collectively, the Aquarium) which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Aquarium Institute, Inc. and its subsidiaries as of December 31, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our reports dated April 2, 2013, and April 10, 2012, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

McGladrey LLP

Baltimore, Maryland
April 2, 2013

National Aquarium Institute, Inc. And Subsidiaries

**Consolidated Statements Of Financial Position
December 31, 2012 And 2011**

Assets	2012	2011
Cash And Cash Equivalents	\$ 8,817,039	\$ 8,718,799
Promises To Give And Grants Receivable, net (Note 3)	2,362,914	3,090,661
Other Assets	1,196,193	1,723,424
Funds Held By Trustee (Note 5)	-	1,575,430
Investments (Notes 4, 7, and 10)	26,139,332	21,749,914
	38,515,478	36,858,228
Property And Equipment		
Land	2,604,364	2,604,364
Furniture, fixtures and office equipment	9,439,493	8,959,612
Other equipment	9,601,951	9,533,832
Building improvements	145,948,886	142,983,005
Construction in progress (Note 9)	16,937,564	10,348,344
	184,532,258	174,429,157
Less accumulated depreciation	(78,686,198)	(73,267,945)
Property and equipment, net	105,846,060	101,161,212
Total assets	\$ 144,361,538	\$ 138,019,440
Liabilities And Net Assets		
Liabilities		
Accounts payable and accrued expenses (Note 9)	\$ 3,704,721	\$ 1,892,425
Accrued salaries and benefits	1,287,762	784,143
Deferred revenue	2,162,844	1,855,113
Deferred rent (Note 9)	1,305,947	1,327,845
Note payable (Note 5)	4,871,625	4,871,625
Bonds payable (Note 5)	-	27,609,063
Loan payable (Note 5)	25,302,507	-
Total liabilities	38,635,406	38,340,214
Commitments And Contingencies (Notes 2 and 9)		
Net Assets (Note 7)		
Unrestricted	97,466,223	91,675,389
Temporarily restricted (Note 7)	6,484,965	6,703,893
Permanently restricted (Note 7)	1,774,944	1,299,944
Total net assets	105,726,132	99,679,226
Total liabilities and net assets	\$ 144,361,538	\$ 138,019,440

See Notes To Consolidated Financial Statements.

National Aquarium Institute, Inc. And Subsidiaries

Consolidated Statements Of Activities Years Ended December 31, 2012 And 2011

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue, gains and other support:				
Admissions	\$ 26,409,539	\$ -	\$ -	\$ 26,409,539
Contributions and grants	6,619,734	2,520,339	475,000	9,615,073
General and corporate membership programs	3,837,701	-	-	3,837,701
Gift shop and food service	2,112,105	-	-	2,112,105
Group sales	1,963,564	-	-	1,963,564
Education program	1,812,477	-	-	1,812,477
Auxiliary	1,453,152	-	-	1,453,152
Catered events	810,697	-	-	810,697
Investment income (loss) (Note 4)	3,044,812	506,755	-	3,551,567
Net assets released from restrictions				
Satisfaction of program restrictions	1,470,222	(1,470,222)	-	-
Satisfaction of equipment acquisition restrictions	1,775,800	(1,775,800)	-	-
Total revenue, gains and other support	51,309,803	(218,928)	475,000	51,565,875
Expenses (Note 11):				
Programs:				
Plant operations	7,947,253	-	-	7,947,253
Depreciation	7,014,952	-	-	7,014,952
Biological programs	8,756,859	-	-	8,756,859
Visitor operations	2,723,029	-	-	2,723,029
Education	4,625,060	-	-	4,625,060
General and corporate membership programs	565,203	-	-	565,203
Catered events	320,593	-	-	320,593
Total program expenses	31,952,949	-	-	31,952,949
Supporting services:				
General and administrative	4,285,827	-	-	4,285,827
Marketing	6,374,952	-	-	6,374,952
Development	1,191,810	-	-	1,191,810
Debt service (Note 5)	1,713,431	-	-	1,713,431
Total supporting services expense	13,566,020	-	-	13,566,020
Total expenses	45,518,969	-	-	45,518,969
Change in net assets	5,790,834	(218,928)	475,000	6,046,906
Net assets:				
Beginning	91,675,389	6,703,893	1,299,944	99,679,226
Ending	\$ 97,466,223	\$ 6,484,965	\$ 1,774,944	\$ 105,726,132

See Notes To Consolidated Financial Statements.

2011

		2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
\$ 24,488,952	\$ -	\$ -	\$ 24,488,952		
6,974,749	3,982,545	500,000	11,457,294		
3,254,311	-	-	3,254,311		
2,014,953	-	-	2,014,953		
1,844,101	-	-	1,844,101		
1,839,708	-	-	1,839,708		
1,512,916	-	-	1,512,916		
788,783	-	-	788,783		
(1,074,723)	(142,531)	-	(1,217,254)		
1,330,597	(1,330,597)	-	-		
663,058	(663,058)	-	-		
43,637,405	1,846,359	500,000	45,983,764		
7,667,587	-	-	7,667,587		
6,197,769	-	-	6,197,769		
8,919,699	-	-	8,919,699		
2,765,790	-	-	2,765,790		
4,204,608	-	-	4,204,608		
558,801	-	-	558,801		
277,443	-	-	277,443		
30,591,697	-	-	30,591,697		
3,589,118	-	-	3,589,118		
6,250,653	-	-	6,250,653		
1,229,417	-	-	1,229,417		
1,265,451	-	-	1,265,451		
12,334,639	-	-	12,334,639		
42,926,336	-	-	42,926,336		
711,069	1,846,359	500,000	3,057,428		
90,964,320	4,857,534	799,944	96,621,798		
\$ 91,675,389	\$ 6,703,893	\$ 1,299,944	\$ 99,679,226		

National Aquarium Institute, Inc. And Subsidiaries

**Consolidated Statements Of Cash Flows
Years Ended December 31, 2012 And 2011**

	2012	2011
Cash Flows From Operating Activities		
Change in net assets	\$ 6,046,906	\$ 3,057,428
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,014,953	6,197,769
Amortization of bond issue costs and original issue premium	466,351	25,976
Increase in discount on promises to give	23,165	13,317
Net realized and unrealized (appreciation) depreciation of investments	(3,323,946)	1,569,205
Contributions restricted to endowment	(475,000)	(500,000)
Changes in assets and liabilities		
(Increase) decrease in:		
Promises to give and grants receivable	(1,027,562)	(1,169,193)
Other assets	135,007	126,515
Increase (decrease) in:		
Accounts payable and accrued expenses	338,476	(209,758)
Accrued salaries and benefits	503,619	(82,889)
Deferred rent	(21,898)	14,982
Deferred revenue	307,731	(34,639)
Net cash provided by operating activities	9,987,802	9,008,713
Cash Flows From Investing Activities		
Purchases of property and equipment	(10,225,981)	(9,656,767)
Purchases of investments	(3,931,562)	(25,437,204)
Proceeds from sale of investments	2,866,090	25,147,974
(Increase) decrease in funds held by trustee	1,575,430	(166)
Net cash used in investing activities	(9,716,023)	(9,946,163)
Cash Flows From Financing Activities		
Proceeds from contributions restricted to long-term investment	2,207,144	2,117,756
Payment of debt issuance costs	(128,190)	-
Principal payments on bonds payable	(27,555,000)	(1,080,000)
Proceeds from note payable	25,980,765	-
Principal payments on notes payable	(678,258)	-
Net cash (used in) provided by financing activities	(173,539)	1,037,756
Net increase in cash and cash equivalents	98,240	100,306
Cash And Cash Equivalents:		
Beginning	8,718,799	8,618,493
Ending	\$ 8,817,039	\$ 8,718,799
Supplemental Disclosure Of Cash Flow Information:		
Cash paid for interest	\$ 779,135	\$ 887,422
Supplemental Schedule Of Noncash Investing And Financing Activities		
Property and equipment purchases in accounts payable and accrued expenses	\$ 1,819,689	\$ 345,869

See Notes To Consolidated Financial Statements.

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

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 2012 and 2011. The National Aquarium Conservation Center, Inc. ceased its financial activities during 2012 and transferred its activities and remaining net assets to the National Aquarium in Baltimore, Inc.

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

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 4% for 2012 and 2011. 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.

Auxiliary revenue consists of attendance related items, visitor photos, locker rental and revenue, in addition to sponsorship and miscellaneous income. Auxiliary revenue is recognized when the service is provided.

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.

Debt issuance costs: Debt issuance costs related to long-term debt are being amortized over the term of the debt using the straight-line method. In connection with the extinguishment of the bonds payable, as described in Note 5, the former debt issuance costs related to bonds payable were fully amortized during 2012 and costs for the new debt were recorded. Accumulated amortization of the debt issuance costs was \$6,409 and \$166,499 as of December 31, 2012 and 2011, 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 \$209,238,000 and \$199,944,000 as of December 31, 2012 and 2011, respectively. Of this amount, approximately \$164,612,000 and \$155,318,000 has been capitalized in the accompanying consolidated statements of financial position as of December 31, 2012 and 2011, 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

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:

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 long-term debt 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 \$2,711,019 and \$2,522,082 for the years ended December 31, 2012 and 2011, respectively.

Advertising: Advertising costs are expensed as incurred and were approximately \$2,971,083 and \$2,663,998 for the years ended December 31, 2012 and 2011, 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, 2012 and 2011.

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

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 2009.

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.

Subsequent events: The Aquarium has evaluated subsequent events through April 2, 2013, which is the date the consolidated financial statements were available to be 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, 2012 and 2011:

	2012	2011
Capital campaign	\$ 499,271	\$ 652,252
Capital campaign, restricted to future periods	1,394,728	1,497,350
Conservation, education, and other	596,005	1,044,984
Unconditional promises to give before present value discount	2,490,004	3,194,586
Less present value discount	(127,090)	(103,925)
Promises to give and grants receivable, net	<u>\$ 2,362,914</u>	<u>\$ 3,090,661</u>
Amounts due in:		
Less than one year	\$ 1,095,276	\$ 1,697,236
One to five years	1,349,528	1,440,850
Thereafter	45,200	56,500
	<u>\$ 2,490,004</u>	<u>\$ 3,194,586</u>

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

Note 4. Investments

Investments owned by the Aquarium consist of the following at December 31, 2012 and 2011:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 428,911	\$ 428,911	\$ 322,180	\$ 322,180
Equities				
Consumer discretionary	512,745	644,485	589,943	570,298
Information technology	455,069	474,410	483,381	418,324
Industrials	269,724	273,445	250,096	202,055
Health care	201,907	217,944	231,567	178,251
Financial	116,216	108,535	110,064	107,238
Materials	119,849	138,685	84,019	72,736
Energy	76,565	67,650	76,565	60,036
Telecommunication services	24,014	27,140	38,515	36,557
Consumer staples	22,063	31,131	22,063	27,724
Mutual funds				
International	4,581,142	4,351,951	4,309,639	3,437,984
Fixed income	3,396,302	3,614,876	3,101,733	3,189,563
Growth	3,338,882	3,677,177	3,216,301	3,165,097
Value	3,396,996	3,582,736	3,275,030	3,012,134
Emerging market	3,095,300	3,643,589	2,840,811	2,872,744
Small cap/mid cap	2,417,766	2,133,796	2,125,156	1,739,520
Market index	1,330,437	1,724,763	1,078,253	1,413,278
Global hard asset	969,238	998,108	903,528	924,195
	\$ 24,753,126	\$ 26,139,332	\$ 23,058,844	\$ 21,749,914

Investment income (loss) is as follows for the years ended December 31, 2012 and 2011:

	2012	2011
Net unrealized appreciation (depreciation)	\$ 2,695,136	\$ (3,612,813)
Net realized gains	216,912	2,043,608
	2,912,048	(1,569,205)
Interest and dividends	639,519	351,951
	\$ 3,551,567	\$ (1,217,254)

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

Note 5. Long-Term Debt

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 was being amortized over the life of the bonds before the bonds were refinanced in 2012, at which point, the premium became fully amortized. Accumulated amortization of the premium was \$54,063 as of December 31, 2011.

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 successfully remarketed. The letter of credit was in place until the bonds were refinanced. Interest on the Series 2002 A Bonds was payable monthly through 2031 with principal due annually each November 1. The interest rate on the Series 2002 A Bonds adjusted weekly and was .12% at December 31, 2011. The outstanding balance of these bonds was \$11,415,000 as of December 31, 2011.

The originally issued \$20,000,000 of Series 2002 B Bonds bore interest at rates ranging from 3.20% to 5.00% on the \$6,205,000 of serial bonds and 5.00% to 5.50% on the \$13,795,000 of term bonds. Interest was paid semi-annually on each May 1 and November 1 with principal due annually each November 1 through 2026. The outstanding balance of these bonds was \$16,140,000 as of December 31, 2011.

The loan agreement and letter of credit agreement contained certain financial covenants. In addition, the Trustee held a debt service reserve fund in the amount of \$1,575,430 at December 31, 2011.

On June 27, 2012, the 2002 bonds were retired and a bond was issued in the amount of \$25,980,765 by MIDFA. The 2012 bonds were placed with Bank of America with a non-bank qualified private loan. The loan carries a fixed rate of 2.84%. The loan is subject to certain financial and non-financial covenants. Monthly principal and interest payments in the amount of \$199,370 are scheduled for 10 years over a 13-year amortization table. The maturity date of the underlying bonds is June 2022, where Bank of America has the ability to call the loan or they can grant an extension of the current terms.

Principal payment requirements on the loan payable at December 31, 2012, are due in future years as follows:

Years Ending December 31,

2013	\$ 1,686,039
2014	1,735,233
2015	1,785,863
2016	1,836,374
2017	1,891,551
Thereafter	16,367,447
	<u>\$ 25,302,507</u>

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

Note 5. Long-Term Debt (Continued)

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 2012 or 2011. 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, 2012 and 2011.

Interest expense on long term debt was \$1,081,103 and \$877,880 for the years ended December 31, 2012 and 2011, respectively.

Note 6. Line Of Credit

The Aquarium has 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 2013. There was no outstanding balance on the line of credit as of December 31, 2012 and 2011.

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

Note 7. Temporarily And Permanently Restricted Net Assets

Temporarily restricted net assets as of December 31, 2012 and 2011, are available for the following purposes:

	2012	2011
NAB:		
Unfunded capital expansion	\$ 1,682,065	\$ 1,628,383
Funded capital expansion	810,343	1,214,318
Biological program activities	68,839	53,518
Conservation programs	581,910	369,645
Capital development sponsorship	-	41,666
Henry Hall activities	98,250	111,494
Education activities	131,407	87,849
Total NAB	3,372,814	3,506,873
Foundation:		
Biological program activities	626,882	533,507
Lecture series	822,687	700,284
Education activities	463,432	379,590
Henry Hall activities	331,761	283,755
Professional excellence	169,083	106,796
Aquarium science and medicine	42,987	-
Total Foundation	2,456,832	2,003,932
NADC:		
Funded capital expansion	506,998	703,130
Unfunded capital expansion	81,146	340,950
Biological program activities	51,999	72,665
Education activities	15,176	-
Total NADC	655,319	1,116,745
NACC:		
Unfunded capital campaign	-	76,343
Total NACC	-	76,343
	\$ 6,484,965	\$ 6,703,893

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

Note 7. Temporarily And Permanently Restricted Net Assets (Continued)

Permanently restricted net assets as of December 31, 2012 and 2011, are held by the National Aquarium in Baltimore Foundation, Inc. and are restricted for the following purposes:

	2012	2011
Professional excellence	\$ 250,000	\$ 250,000
Marine life accessions	250,000	250,000
Education center	299,944	299,944
Aquarium science and medicine	975,000	500,000
	<u>\$ 1,774,944</u>	<u>\$ 1,299,944</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 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.

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

A donor has established endowed funds in the form of a \$975,000 bequest to aid in providing additional veterinary support to the Aquarium.

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.

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

Note 7. Temporarily And Permanently Restricted Net Assets (Continued)

Endowment spending policy: The Aquarium will plan for expenditures in its annual budget a maximum of 5% 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.

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,302,335	\$ 1,774,944	\$ 3,077,279
Non-endowment funds	97,466,223	5,182,630	-	102,648,853
Total funds	\$ 97,466,223	\$ 6,484,965	\$ 1,774,944	\$ 105,726,132

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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
Total funds	\$ 91,675,389	\$ 6,703,893	\$ 1,299,944	\$ 99,679,226

Changes In Endowment Net Assets Years Ended December 31, 2012 And 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ -	\$ 1,019,934	\$ 1,299,944	\$ 2,319,878
Investment return:				
Contributions	-	-	475,000	475,000
Investment income	-	64,665	-	64,665
Net appreciation	-	285,130	-	285,130
Total investment return	-	349,795	475,000	824,795
Appropriation of endowment assets for expenditure	-	(67,394)	-	(67,394)
Endowment net assets, end of the year	\$ -	\$ 1,302,335	\$ 1,774,944	\$ 3,077,279

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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)
Total investment return	-	(100,575)	500,000	399,425
Appropriation of endowment assets for expenditure	-	(64,067)	-	(64,067)
Endowment net assets, end of the year	\$ -	\$ 1,019,934	\$ 1,299,944	\$ 2,319,878

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

Note 8. Employee Benefit Plans

The Aquarium has a 401(k) plan for employees. The 401(k) plan provides a 50% match on participants' contributions up to 3% for both 2012 and 2011. The Plan also provides for discretionary employer contributions, but employer contributions were not made in 2012 and 2011. The 401(k) plan expense was approximately \$140,000 and \$153,000 for the years ended December 31, 2012 and 2011, 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 9. 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 \$842,000 and \$831,000 for the years ended December 31, 2012 and 2011, 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
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
2017	1,173,909	209,823	964,086
Thereafter	4,206,345	88,329	4,118,016
	<u>\$ 9,830,328</u>	<u>\$ 1,087,439</u>	<u>\$ 8,742,889</u>

In March 2013, the General Services Administration (GSA), Landlord of the premises maintained by National Aquarium Society, presented a rent assessment of \$1.1 million dating back to October 2007. GSA has disclosed that delays in providing any rental assessment by them are oversights stemming back and including the period prior to the 2003 acquisition of National Aquarium Society by the Aquarium. A lease between National Aquarium Society and GSA specifying rental assessments does not exist. Aquarium Management has asserted its belief to GSA's representatives that these rental claims are without merit and that it will vigorously defend its rights and, accordingly, no amounts have been accrued for this possible liability at December 31, 2012.

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, 2012, the Aquarium has signed contract commitments for approximately \$4,100,000 of capital projects.

National Aquarium Institute, Inc. And Subsidiaries

Notes To Consolidated Financial Statements

Note 9. Commitments And Contingencies (Continued)

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 \$968,000 and \$1,140,000 for the years ended December 31, 2012 and 2011, respectively. The Aquarium includes a provision for estimated claims in accounts payable and accrued expenses on the consolidated statements of financial position.

Note 10. 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 10. 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, 2012 and 2011:

	2012			2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities						
Consumer discretionary	\$ 644,485	\$ -	\$ -	\$ 570,298	\$ -	\$ -
Information technology	474,410	-	-	418,324	-	-
Industrials	273,445	-	-	202,055	-	-
Health care	217,944	-	-	178,251	-	-
Financial	108,535	-	-	107,238	-	-
Materials	138,685	-	-	72,736	-	-
Energy	67,650	-	-	60,036	-	-
Telecommunication services	27,140	-	-	36,557	-	-
Consumer staples	31,131	-	-	27,724	-	-
Mutual funds						
International	4,351,951	-	-	3,437,984	-	-
Fixed income	3,614,876	-	-	3,189,563	-	-
Growth	3,677,177	-	-	3,165,097	-	-
Value	3,582,736	-	-	3,012,134	-	-
Emerging market	3,643,589	-	-	2,872,744	-	-
Small cap/mid cap	2,133,796	-	-	1,739,520	-	-
Market index	1,724,763	-	-	1,413,278	-	-
Global hard asset	998,108	-	-	924,195	-	-
	\$ 25,710,421	\$ -	\$ -	\$ 21,427,734	\$ -	\$ -

The Aquarium excludes cash and cash equivalents from the fair value hierarchy as cash is generally measured at cost. As such, \$428,911 and \$322,180 of cash equivalents and a certificate of deposit, in the Aquarium's investment portfolio at December 31, 2012 and 2011, respectively, has been excluded from this table.

Note 11. Expenses By Natural Classification

Expenses by natural classification for the years ended December 31, 2012 and 2011, are as follows:

	2012	2011
Salaries and benefits	\$ 16,875,163	\$ 16,245,287
Depreciation and amortization	7,014,953	6,222,684
Purchased services	7,872,182	7,439,250
Supplies and other	10,985,662	10,427,623
Volunteer services and in-kind contributions	2,771,009	2,591,492
	\$ 45,518,969	\$ 42,926,336



Independent Auditor's Report On The Supplementary Information

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

We have audited the consolidated financial statements of the National Aquarium Institute, Inc. and its subsidiaries (collectively the Aquarium) as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon, which contained an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating 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 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 LLP

Baltimore, Maryland
April 2, 2013

National Aquarium Institute, Inc. And Subsidiaries

Consolidating Statements Of Financial Position December 31, 2012 And 2011

Assets	2012					Total
	National Aquarium In Baltimore, Inc.	National Aquarium In Baltimore Foundation, Inc.	Center For Aquatic Life And Conservation, Inc.	The National Aquarium Society	Eliminations	
Assets						
Cash and cash equivalents	\$ 8,094,584	\$ -	\$ 451,009	\$ 271,446	\$ -	\$ 8,817,039
Promises to give and grants receivable, net	2,198,776	-	80,000	84,138	-	2,362,914
Due from affiliate	146,692	272,066	-	151,579	(570,337)	-
Other assets	1,173,801	3,145	-	19,247	-	1,196,193
Funds held by trustee	-	-	-	-	-	-
Investments	-	24,171,099	-	1,968,233	-	26,139,332
	<u>11,613,853</u>	<u>24,446,310</u>	<u>531,009</u>	<u>2,494,643</u>	<u>(570,337)</u>	<u>38,515,478</u>
Property And Equipment						
Land	-	-	2,604,364	-	-	2,604,364
Furniture, fixtures and office equipment	9,372,480	-	-	67,013	-	9,439,493
Other equipment	8,219,585	-	-	1,382,366	-	9,601,951
Building improvements	145,100,373	-	-	848,513	-	145,948,886
Construction in progress	8,435,372	-	7,613,232	888,960	-	16,937,564
	<u>171,127,810</u>	<u>-</u>	<u>10,217,596</u>	<u>3,186,852</u>	<u>-</u>	<u>184,532,258</u>
Less accumulated depreciation	(77,548,051)	-	-	(1,138,147)	-	(78,686,198)
Property and equipment, net	<u>93,579,759</u>	<u>-</u>	<u>10,217,596</u>	<u>2,048,705</u>	<u>-</u>	<u>105,846,060</u>
Total assets	<u>\$ 105,193,612</u>	<u>\$ 24,446,310</u>	<u>\$ 10,748,605</u>	<u>\$ 4,543,348</u>	<u>\$ (570,337)</u>	<u>\$ 144,361,538</u>
Liabilities And Net Assets						
Liabilities						
Accounts payable and accrued expenses	\$ 3,679,721	\$ 12,500	\$ -	\$ 12,500	\$ -	\$ 3,704,721
Accrued salaries and benefits	1,280,433	-	-	7,329	-	1,287,762
Due to affiliate	423,645	3,649	143,043	-	(570,337)	-
Deferred revenue	2,139,254	-	-	23,590	-	2,162,844
Deferred rent	1,305,947	-	-	-	-	1,305,947
Note payable	-	-	4,871,625	-	-	4,871,625
Bonds payable	-	-	-	-	-	-
Loan payable	25,302,507	-	-	-	-	25,302,507
Total liabilities	<u>34,131,507</u>	<u>16,149</u>	<u>5,014,668</u>	<u>43,419</u>	<u>(570,337)</u>	<u>38,635,406</u>
Net Assets (Deficit)						
Unrestricted	67,689,291	20,198,385	5,733,937	3,844,610	-	97,466,223
Temporarily restricted	3,372,814	2,456,832	-	655,319	-	6,484,965
Permanently restricted	-	1,774,944	-	-	-	1,774,944
Total net assets	<u>71,062,105</u>	<u>24,430,161</u>	<u>5,733,937</u>	<u>4,499,929</u>	<u>-</u>	<u>105,726,132</u>
Total liabilities and net assets	<u>\$ 105,193,612</u>	<u>\$ 24,446,310</u>	<u>\$ 10,748,605</u>	<u>\$ 4,543,348</u>	<u>\$ (570,337)</u>	<u>\$ 144,361,538</u>

2011

	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
\$	7,191,445	\$ -	\$ 1,500,034	\$ 27,320	\$ -	\$ -	\$ 8,718,799
	2,583,368	-	90,000	340,950	76,343	-	3,090,661
	238,475	783,034	411,298	650,412	120,096	(2,203,315)	-
	1,706,290	3,145	-	13,989	-	-	1,723,424
	1,575,430	-	-	-	-	-	1,575,430
	-	20,011,510	-	1,738,404	-	-	21,749,914
	13,295,008	20,797,689	2,001,332	2,771,075	196,439	(2,203,315)	36,858,228
	-	-	2,604,364	-	-	-	2,604,364
	8,892,599	-	-	67,013	-	-	8,959,612
	8,151,466	-	-	1,382,366	-	-	9,533,832
	142,134,492	-	-	848,513	-	-	142,983,005
	3,069,106	-	6,723,423	555,815	-	-	10,348,344
	162,247,663	-	9,327,787	2,853,707	-	-	174,429,157
	(72,210,490)	-	-	(1,057,455)	-	-	(73,267,945)
	90,037,173	-	9,327,787	1,796,252	-	-	101,161,212
\$	103,332,181	\$ 20,797,689	\$ 11,329,119	\$ 4,567,327	\$ 196,439	\$ (2,203,315)	\$ 138,019,440
\$	1,877,425	\$ 12,500	\$ -	\$ 2,500	\$ -	\$ -	\$ 1,892,425
	776,813	-	-	7,330	-	-	784,143
	1,553,542	-	238,475	-	411,298	(2,203,315)	-
	1,797,751	-	-	57,362	-	-	1,855,113
	1,327,845	-	-	-	-	-	1,327,845
	-	-	4,871,625	-	-	-	4,871,625
	27,609,063	-	-	-	-	-	27,609,063
	-	-	-	-	-	-	-
	34,942,439	12,500	5,110,100	67,192	411,298	(2,203,315)	38,340,214
	64,882,869	17,481,313	6,219,019	3,383,390	(291,202)	-	91,675,389
	3,506,873	2,003,932	-	1,116,745	76,343	-	6,703,893
	-	1,299,944	-	-	-	-	1,299,944
	68,389,742	20,785,189	6,219,019	4,500,135	(214,859)	-	99,679,226
\$	103,332,181	\$ 20,797,689	\$ 11,329,119	\$ 4,567,327	\$ 196,439	\$ (2,203,315)	\$ 138,019,440

National Aquarium Institute, Inc. And Subsidiaries

Consolidating Statement Of Activities
Year Ended December 31, 2012

	National Aquarium In Baltimore, Inc.			National Aquarium In Baltimore Foundation, Inc.				Center For Aquatic Life And Conservation, Inc.	
	Unrestricted	Temporarily		Unrestricted	Temporarily		Total	Unrestricted	Total
		Restricted	Total		Restricted	Permanently Restricted			
Revenue, gains and other support:									
Admissions	\$ 24,766,564	\$ -	\$ 24,766,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and grants	6,575,938	2,866,388	9,442,326	-	26,105	475,000	501,105	-	-
General and corporate membership programs	3,837,701	-	3,837,701	-	-	-	-	-	-
Gift shop and food service	2,096,920	-	2,096,920	-	-	-	-	-	-
Group sales	1,949,074	-	1,949,074	-	-	-	-	-	-
Education program	1,791,553	-	1,791,553	-	-	-	-	-	-
Auxiliary	1,379,802	-	1,379,802	-	-	-	-	70,000	70,000
Catered events	782,751	-	782,751	-	-	-	-	-	-
Investment income (loss)	-	-	-	2,807,522	506,755	-	3,314,277	-	-
Intercompany grants	108,602	79,960	188,562	-	-	-	-	-	-
Net assets released from restrictions									
Satisfaction of program restrictions	1,304,607	(1,304,607)	-	-	-	-	-	-	-
Satisfaction of equipment acquisition restrictions	1,775,800	(1,775,800)	-	-	-	-	-	-	-
Total revenue, gains and other support	46,369,312	(134,059)	46,235,253	2,807,522	532,860	475,000	3,815,382	70,000	70,000
Expenses:									
Programs:									
Plant operations	7,947,253	-	7,947,253	-	-	-	-	-	-
Depreciation	6,934,260	-	6,934,260	-	-	-	-	-	-
Biological programs	7,932,251	-	7,932,251	-	-	-	-	-	-
Visitor operations	2,579,990	-	2,579,990	-	-	-	-	-	-
Education	4,537,958	-	4,537,958	-	-	-	-	-	-
Intercompany grants	-	-	-	-	79,960	-	79,960	443,557	443,557
General and corporate membership programs	565,203	-	565,203	-	-	-	-	-	-
Catered events	320,593	-	320,593	-	-	-	-	-	-
Total program expenses	30,817,508	-	30,817,508	-	79,960	-	79,960	443,557	443,557
Supporting services:									
General and administrative	3,930,990	-	3,930,990	90,450	-	-	90,450	111,525	111,525
Marketing	6,063,611	-	6,063,611	-	-	-	-	-	-
Development	1,037,350	-	1,037,350	-	-	-	-	-	-
Debt service	1,713,431	-	1,713,431	-	-	-	-	-	-
Total supporting services expense	12,745,382	-	12,745,382	90,450	-	-	90,450	111,525	111,525
Total expenses	43,562,890	-	43,562,890	90,450	79,960	-	170,410	555,082	555,082
Change in net assets	2,806,422	(134,059)	2,672,363	2,717,072	452,900	475,000	3,644,972	(485,082)	(485,082)
Net assets:									
Beginning	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
Ending	\$ 67,689,291	\$ 3,372,814	\$ 71,062,105	\$ 20,198,385	\$ 2,456,832	\$ 1,774,944	\$ 24,430,161	\$ 5,733,937	\$ 5,733,937

The National Aquarium Society			National Aquarium Conservation Center, Inc.			Eliminations			Total			
Temporarily		Total	Temporarily		Total	Temporarily		Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Unrestricted	Restricted		Unrestricted	Restricted		Unrestricted	Restricted					
\$ 1,642,975	\$ -	\$ 1,642,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,409,539	\$ -	\$ -	\$ 26,409,539
43,796	(372,154)	(328,358)	-	-	-	-	-	-	6,619,734	2,520,339	475,000	9,615,073
-	-	-	-	-	-	-	-	-	3,837,701	-	-	3,837,701
15,185	-	15,185	-	-	-	-	-	-	2,112,105	-	-	2,112,105
14,490	-	14,490	-	-	-	-	-	-	1,963,564	-	-	1,963,564
20,924	-	20,924	-	-	-	-	-	-	1,812,477	-	-	1,812,477
3,350	-	3,350	-	-	-	-	-	-	1,453,152	-	-	1,453,152
27,946	-	27,946	-	-	-	-	-	-	810,697	-	-	810,697
237,290	-	237,290	-	-	-	-	-	-	3,044,812	506,755	-	3,551,567
-	-	-	411,298	-	411,298	(519,900)	(79,960)	(599,860)	-	-	-	-
89,272	(89,272)	-	76,343	(76,343)	-	-	-	-	1,470,222	(1,470,222)	-	-
-	-	-	-	-	-	-	-	-	1,775,800	(1,775,800)	-	-
2,095,228	(461,426)	1,633,802	487,641	(76,343)	411,298	(519,900)	(79,960)	(599,860)	51,309,803	(218,928)	475,000	51,565,875
-	-	-	-	-	-	-	-	-	7,947,253	-	-	7,947,253
80,692	-	80,692	-	-	-	-	-	-	7,014,952	-	-	7,014,952
704,512	-	704,512	120,096	-	120,096	-	-	-	8,756,859	-	-	8,756,859
143,039	-	143,039	-	-	-	-	-	-	2,723,029	-	-	2,723,029
87,102	-	87,102	-	-	-	-	-	-	4,625,060	-	-	4,625,060
-	-	-	76,343	-	76,343	(519,900)	(79,960)	(599,860)	-	-	-	-
-	-	-	-	-	-	-	-	-	565,203	-	-	565,203
-	-	-	-	-	-	-	-	-	320,593	-	-	320,593
1,015,345	-	1,015,345	196,439	-	196,439	(519,900)	(79,960)	(599,860)	31,952,949	-	-	31,952,949
152,862	-	152,862	-	-	-	-	-	-	4,285,827	-	-	4,285,827
311,341	-	311,341	-	-	-	-	-	-	6,374,952	-	-	6,374,952
154,460	-	154,460	-	-	-	-	-	-	1,191,810	-	-	1,191,810
-	-	-	-	-	-	-	-	-	1,713,431	-	-	1,713,431
618,663	-	618,663	-	-	-	-	-	-	13,566,020	-	-	13,566,020
1,634,008	-	1,634,008	196,439	-	196,439	(519,900)	(79,960)	(599,860)	45,518,969	-	-	45,518,969
461,220	(461,426)	(206)	291,202	(76,343)	214,859	-	-	-	5,790,834	(218,928)	475,000	6,046,906
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
\$ 3,844,610	\$ 655,319	\$ 4,499,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,466,223	\$ 6,484,965	\$ 1,774,944	\$ 105,726,132

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		Permanently	Total	Temporarily		Total
		Restricted	Total		Restricted	Restricted			Restricted	Restricted	
Revenue, gains and other support:											
Admissions	\$ 22,972,370	\$ -	\$ 22,972,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and grants	6,448,684	2,913,119	9,361,803	-	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	1,506,586	-	1,506,586	-	-	-	-	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)	-	-	-	-	-	-	-	-	-
Total revenue, gains and other support	42,073,889	1,502,104	43,575,993	(921,916)	(173,813)	500,000	(595,729)	445,435	(27,435)	418,000	
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	-	-	-	-	-	-	-	-
Total program expenses	29,034,829	-	29,034,829	82,468	-	-	82,468	-	-	-	-
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	-	-	-	-	-	-	-	-
Total supporting services expense	11,882,546	-	11,882,546	58,360	-	-	58,360	18,406	-	18,406	-
Total expenses	40,917,375	-	40,917,375	140,828	-	-	140,828	18,406	-	18,406	-
Change in net assets	1,156,514	1,502,104	2,658,618	(1,062,744)	(173,813)	500,000	(736,557)	427,029	(27,435)	399,594	-
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			Temporarily					Temporarily		Permanently	
Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Total	Unrestricted	Restricted	Restricted	Total
\$ 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	-	-	6,974,749	3,982,545	500,000	11,457,294
-	-	-	-	-	-	-	-	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	-	-	-	-	-	1,512,916	-	-	1,512,916
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