

National Aquarium, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2021

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RSM US LLP

Independent Auditor's Report

Board of Directors
National Aquarium, Inc.

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of National Aquarium, Inc. and Subsidiaries (collectively, the Aquarium), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Aquarium as of December 31, 2021 and 2020, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aquarium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aquarium's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2022, on our consideration of the Aquarium's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Aquarium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aquarium's internal control over financial reporting and compliance.

RSM US LLP

Gaithersburg, Maryland
June 7, 2022

National Aquarium, Inc. and Subsidiaries

Consolidated Statements of Financial Position December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 19,075,790	\$ 7,387,768
Restricted cash	120,878	390,550
Promises to give, net (Note 3)	3,046,557	3,905,175
Grants receivable	2,289,881	368,783
Prepaid expenses	487,867	632,159
Other assets	748,960	483,347
Investments (Notes 4 and 5)	40,471,613	37,252,787
Loans receivable (Note 7)	13,613,540	13,613,540
Property and equipment, net (Note 6)	74,642,340	82,220,573
	<hr/>	<hr/>
Total assets	\$ 154,497,426	\$ 146,254,682
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Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (Note 13)	\$ 2,987,609	\$ 3,839,665
Accrued salaries and benefits	792,879	599,726
Deferred revenue and refundable advances	4,935,380	2,903,597
Deferred rent	1,269,480	566,323
Capital lease obligations, net of unamortized issuance costs (Note 8)	1,221,256	1,265,660
Interest rate swap (Notes 5 and 7)	1,018,659	2,125,825
Line of credit (Note 10)	-	3,000,000
Notes payable (Note 7)	-	4,480,500
New market tax credit loan, net of unamortized issuance costs (Note 7)	18,820,244	18,594,274
Bonds payable, net of unamortized issuance costs (Note 7)	28,131,406	29,946,041
	<hr/>	<hr/>
Total liabilities	59,176,913	67,321,611
	<hr/>	<hr/>
Commitments and contingencies (Notes 9, 10 and 13)		
Net assets (Note 11):		
Without donor restrictions	81,963,650	66,406,225
With donor restrictions	13,356,863	12,526,846
	<hr/>	<hr/>
Total net assets	95,320,513	78,933,071
	<hr/>	<hr/>
Total liabilities and net assets	\$ 154,497,426	\$ 146,254,682
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See notes to consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Consolidated Statements of Activities Years Ended December 31, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Admissions	\$ 26,707,875	\$ -	\$ 26,707,875
Contributions and grants	18,035,823	1,950,986	19,986,809
General and corporate membership programs	4,278,239	-	4,278,239
Education program	650,165	-	650,165
Group sales	954,109	-	954,109
Gift shop and food service	1,835,016	-	1,835,016
Auxiliary	1,313,846	-	1,313,846
Catered events	109,333	-	109,333
Net assets released from restrictions (Note 11):			
Satisfaction of program restrictions	280,290	(280,290)	-
Satisfaction of equipment acquisition restrictions	1,620,597	(1,620,597)	-
Total revenue, gains and other support	55,785,293	50,099	55,835,392
Expenses:			
Programs:			
Aquarium experience	28,636,124	-	28,636,124
Conservation and education	5,349,756	-	5,349,756
Total program expenses	33,985,880	-	33,985,880
Supporting services:			
Fundraising and membership	5,343,006	-	5,343,006
Advertising and promotions	3,589,840	-	3,589,840
General and administrative	4,682,607	-	4,682,607
Total supporting services expenses	13,615,453	-	13,615,453
Total expenses	47,601,333	-	47,601,333
Change in net assets before other financial items	8,183,960	50,099	8,234,059
Investment income, net (Note 4)	3,968,850	779,918	4,748,768
Gain (loss) on interest rate swap contract (Note 7)	1,107,166	-	1,107,166
Debt service (Note 7)	(1,515,814)	-	(1,515,814)
Gain on disposition of property	-	-	-
Forgiveness of Paycheck Protection Program promissory note (Note 7)	3,813,263	-	3,813,263
Total other financial items	7,373,465	779,918	8,153,383
Change in net assets	15,557,425	830,017	16,387,442
Net assets:			
Beginning	66,406,225	12,526,846	78,933,071
Ending	\$ 81,963,650	\$ 13,356,863	\$ 95,320,513

See notes to consolidated financial statements.

2020

	Without Donor Restrictions	With Donor Restrictions	Total
\$	10,728,751	\$ -	\$ 10,728,751
	6,378,928	762,458	7,141,386
	3,506,050	-	3,506,050
	311,003	-	311,003
	344,442	-	344,442
	662,826	-	662,826
	657,817	-	657,817
	229,933	-	229,933
	1,849,674	(1,849,674)	-
	284,184	(284,184)	-
	24,953,608	(1,371,400)	23,582,208
	26,274,587	-	26,274,587
	5,389,527	-	5,389,527
	31,664,114	-	31,664,114
	4,945,394	-	4,945,394
	3,392,574	-	3,392,574
	4,797,133	-	4,797,133
	13,135,101	-	13,135,101
	44,799,215	-	44,799,215
	(19,845,607)	(1,371,400)	(21,217,007)
	4,133,942	842,115	4,976,057
	(1,411,823)	-	(1,411,823)
	(1,559,739)	-	(1,559,739)
	11,915	-	11,915
	-	-	-
	1,174,295	842,115	2,016,410
	(18,671,312)	(529,285)	(19,200,597)
	85,077,537	13,056,131	98,133,668
\$	66,406,225	\$ 12,526,846	\$ 78,933,071

National Aquarium, Inc. and Subsidiaries

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2021**

	Program Expenses			Support Expenses				
	Aquarium Experience	Conservation and Education	Total Programmatic Expenses	Fundraising and Membership	General and Administrative	Advertising and Promotions	Total Support Expenses	Total
Salary and wages	\$ 10,763,429	\$ 2,394,054	\$ 13,157,483	\$ 2,891,423	\$ 1,322,464	\$ 265,477	\$ 4,479,364	\$ 17,636,847
Benefits	1,246,266	266,502	1,512,768	398,996	1,001,742	44,610	1,445,348	2,958,116
Advertising and promotion	79,649	95,180	174,829	117,904	19,230	3,026,741	3,163,875	3,338,704
Charitable contributions	500	72,140	72,640	700	-	200	900	73,540
Conferences, conventions and meetings	24,455	14,285	38,740	2,661	3,780	755	7,196	45,936
Dues and subscriptions	397,332	97,715	495,047	92,778	190,422	9,825	293,025	788,072
Insurance	357,300	96,967	454,267	48,484	37,710	-	86,194	540,461
Bank and credit card fees	138,505	36,472	174,977	19,503	520,625	46	540,174	715,151
Miscellaneous expense	29,922	5,844	35,766	26,703	24,064	1,456	52,223	87,989
Occupancy	3,416,523	112,720	3,529,243	67,088	161,257	5,364	233,709	3,762,952
Office supplies	363,319	78,240	441,559	51,276	71,698	2,905	125,879	567,438
Professional fees	589,382	82,732	672,114	779,252	318,111	228,767	1,326,130	1,998,244
Program expenses	1,498,374	177,063	1,675,437	9,721	27,977	64	37,762	1,713,199
Travel expenses	91,787	53,648	145,435	4,153	25,187	778	30,118	175,553
Contract services	3,227,991	194,015	3,422,006	46,176	345,370	2,803	394,349	3,816,355
Taxes	7,699	2,099	9,798	1,050	2,441	-	3,491	13,289
Depreciation	6,403,691	1,570,080	7,973,771	785,138	610,529	49	1,395,716	9,369,487
Subtotal	28,636,124	5,349,756	33,985,880	5,343,006	4,682,607	3,589,840	13,615,453	47,601,333
Debt service	12,235	3,337	15,572	1,668	1,498,574	-	1,500,242	1,515,814
Total	\$ 28,648,359	\$ 5,353,093	\$ 34,001,452	\$ 5,344,674	\$ 6,181,181	\$ 3,589,840	\$ 15,115,695	\$ 49,117,147

See notes to consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses Year Ended December 31, 2020

	Program Expenses			Support Expenses				
	Aquarium Experience	Conservation and Education	Total Programmatic Expenses	Fundraising and Membership	General and Administrative	Advertising and Promotions	Total Support Expenses	Total
Salary and wages	\$ 8,971,501	\$ 2,334,971	\$ 11,306,472	\$ 2,355,485	\$ 1,534,607	\$ 220,506	\$ 4,110,598	\$ 15,417,070
Benefits	415,073	187,199	602,272	336,756	1,552,880	69,174	1,958,810	2,561,082
Advertising and promotion	51,652	52,376	104,028	71,511	6,385	2,859,957	2,937,853	3,041,881
Charitable contributions	1,125	62,927	64,052	1,575	375	450	2,400	66,452
Conferences, conventions and meetings	12,694	7,923	20,617	689	-	226	915	21,532
Dues and subscriptions	452,198	109,666	561,864	106,073	193,905	12,939	312,917	874,781
Insurance	350,695	95,284	445,979	47,642	37,055	-	84,697	530,676
Bank and credit card fees	227,064	61,226	288,290	31,912	30,248	64	62,224	350,514
Miscellaneous expense	9,117	6,595	15,712	15,492	10,710	496	26,698	42,410
Occupancy	3,585,147	148,871	3,734,018	74,435	57,894	-	132,329	3,866,347
Office supplies	287,890	78,274	366,164	54,241	83,414	4,910	142,565	508,729
Professional fees	558,216	59,853	618,069	863,982	343,872	218,524	1,426,378	2,044,447
Program expenses	1,332,196	293,480	1,625,676	2,649	54,953	558	58,160	1,683,836
Travel expenses	99,716	39,441	139,157	6,747	16,789	869	24,405	163,562
Contract services	2,937,605	115,892	3,053,497	108,523	197,501	3,901	309,925	3,363,422
Taxes	6,478	2,002	8,480	908	2,388	-	3,296	11,776
Depreciation	6,976,220	1,733,547	8,709,767	866,774	674,157	-	1,540,931	10,250,698
Subtotal	26,274,587	5,389,527	31,664,114	4,945,394	4,797,133	3,392,574	13,135,101	44,799,215
Debt service	17,689	4,824	22,513	2,412	1,534,814	-	1,537,226	1,559,739
Total	\$ 26,292,276	\$ 5,394,351	\$ 31,686,627	\$ 4,947,806	\$ 6,331,947	\$ 3,392,574	\$ 14,672,327	\$ 46,358,954

See notes to consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 16,387,442	\$ (19,200,597)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,369,487	10,250,698
Amortization of new market tax credit loan issuance costs	225,970	225,970
Amortization of capital lease and issuance costs	127,869	192,031
Amortization of bond issue costs	2,717	2,717
Gain on disposition of property	-	(11,915)
Forgiveness of Paycheck Protection Program promissory note	(3,813,263)	-
(Gain) loss on interest rate swap agreement	(1,107,166)	1,411,823
Increase (decrease) in discount on and allowance for promises to give	4,721	(62,011)
Net realized and unrealized gain of investments	(4,182,899)	(4,388,822)
Contributions restricted to long-term investment	(1,663,809)	(705,487)
Deferred rent	703,157	128,523
Changes in assets and liabilities:		
(Increase) decrease:		
Promises to give	853,897	1,760,136
Grants receivable	(1,921,098)	127,232
Prepaid expenses	144,292	250,133
Other assets	(265,613)	132,198
Increase (decrease) in:		
Accounts payable and accrued expenses	(680,223)	1,418,254
Accrued salaries and benefits	193,153	(437,790)
Deferred revenue and refundable advances	2,031,783	(782,492)
Net cash provided by (used in) operating activities	16,410,417	(9,689,399)
Cash flows from investing activities:		
Purchases of property and equipment	(1,920,324)	(1,445,205)
Proceeds from disposition of property	-	11,915
Purchases of investments	(9,060,836)	(4,752,769)
Proceeds from sale of investments	10,024,909	6,698,611
Net cash (used in) provided by investing activities	(956,251)	512,552
Cash flows from financing activities:		
Contributions restricted to long-term investments	1,663,809	705,487
Principal payments on bond payable	(1,817,352)	(1,760,550)
Proceeds from notes payable	-	4,480,500
Proceeds from line of credit	-	3,000,000
Principal payments on capital lease obligation	(172,273)	(29,562)
Repayment of line of credit	(3,000,000)	-
Repayment of note payable	(710,000)	-
Net cash (used in) provided by financing activities	(4,035,816)	6,395,875
Net increase (decrease) in cash, cash equivalents and restricted cash	11,418,350	(2,780,972)
Cash, cash equivalents and restricted cash:		
Beginning	7,778,318	10,559,290
Ending	\$ 19,196,668	\$ 7,778,318
Supplemental disclosure of cash flow information:		
Cash paid for interest for long-term debt and capital lease	\$ 1,255,403	\$ 1,284,696
Supplemental disclosure of noncash investing and financing activities:		
Property and equipment purchases in accounts payable and accrued expenses	\$ 141,930	\$ 271,000
Reduction of principal notes payable by forgiveness	\$ 3,770,500	\$ -

See notes to consolidated financial statements.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: National Aquarium, Inc. and Subsidiaries (collectively, the Aquarium) is a nonprofit corporation that operates and manages an aquarium and centers for the study of marine sciences in Baltimore, Maryland and provides recreational and educational facilities for its guests. The Aquarium is comprised of four entities: National Aquarium, Inc. (NA), National Aquarium Foundation, Inc. (the Foundation), ACRC Lender, LLC (Lender) and ACRC Lessor, Inc. (Lessor).

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

Principles of consolidation: The consolidated financial statements include the accounts of NA, the Foundation, Lender and Lessor. All intercompany accounts and transactions were eliminated for consolidation purposes.

Basis of presentation: The Aquarium is required to report information regarding its consolidated financial position and activities according to the following classes of net assets:

Net assets without donor restrictions: Net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

Net assets with donor restrictions: Net assets with donor restrictions are the net assets that are contributions and endowment investment earnings subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by passage of time or can be fulfilled and removed by actions of the Aquarium pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Support and revenue—program: The Aquarium performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if the Aquarium is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. If certain criteria is not met, the revenue is recognized at a point in time.

Membership revenue is determined to be an exchange transaction stream and is recognized ratably over the term of the membership. Prepayments are recorded as deferred revenue when received.

Admissions, group sales and education 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.

Commission revenue from gift shop and food sales are recorded in the month the sales occur.

The Aquarium has entered into several contracts and grants with federal and state agencies under cost reimbursable billing arrangements. These transactions are considered conditional non-exchange transactions. Revenue is recognized as costs qualified under the grants are incurred. Grant funds received in excess of costs incurred are recorded as deferred revenue and refundable advances until conditions are met. Reimbursable grant costs incurred in excess of funds received are recorded as receivables.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

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

Support and revenue—contributions: Unconditional contributions of cash and other assets received, including grants and contracts deemed to be non-exchange transactions, are recorded as 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Conditional contributions are those contributions that contain donor-imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recognized into revenue when conditions are satisfied and then follow the above policies for unconditional contributions. Conditional contributions received in advance of satisfying conditions are recorded as deferred revenue.

The Aquarium reports gifts of land, buildings and equipment as support without donor restrictions 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 support with donor restrictions. 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.

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 based on the appropriate market rate. Amortization of the discount is included in contributions and grants revenue.

Volunteer services: The Aquarium utilizes a volunteer program that incorporates extensive training protocols to meet various operational needs. The fair value of these volunteer services is recognized as contribution revenue and the applicable expense in the accompanying consolidated financial statements. During the years ended December 31, 2021 and 2020, the fair value of contributed services meeting the requirements for recognition in the consolidated financial statements was \$460,127 and \$410,181, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Aquarium. In total, the Aquarium receives more than 90,000 volunteer hours per year.

Cash, cash equivalents and restricted cash: 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. Cash equivalents held temporarily in the investment portfolio are reported with investments.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same amounts shown in the consolidated statements of cash flows as of December 31:

	2021	2020
Cash	\$ 19,075,790	\$ 7,387,768
Unspent debt proceeds and required reserves	120,878	390,550
Cash, cash equivalents and restricted cash	<u>\$ 19,196,668</u>	<u>\$ 7,778,318</u>

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Restricted cash represents unspent debt proceeds and required reserves.

Financial 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.

Debt issuance costs: Debt issuance costs are capitalized and amortized over the life of the related debt. Bond issuance costs, net of accumulated amortization of \$33,742 and \$36,459 as of December 31, 2021 and 2020, respectively, are included in bonds payable on the consolidated statements of financial position. New market tax credit loan issuance costs of \$583,756 and \$809,726 as of December 31, 2021 and 2020, respectively, are included in new market tax credit loan on the consolidated statements of financial position. Amortization expense was \$228,687 for each of the years ended December 31, 2021 and 2020, and is included with debt service expense on the consolidated statements of activities.

Prepaid expenses: Cash outlays for expenses relating to future years are included in prepaid expenses and will be recognized in the years in which the expense is incurred.

Investments: Investments are recorded at fair value based on closing values on the last trading day of the year. The Foundation invests in a portfolio that includes mutual funds, equities and hedge 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 consolidated financial statements.

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 those assets are owned by the City.

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

	<u>Years</u>
Building	30
Building improvements and exhibits	10
Exhibits, lab and AV equipment	5
Vehicles	5
IT equipment and software (excluding SAAS)	3
Furniture and fixtures	3
Leasehold improvements	*

* Leasehold improvements are depreciated over the shorter of the useful life of the asset or the remaining term of the lease.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Valuation of long-lived assets: The Aquarium accounts for the subsequent measurement of certain long-lived assets in accordance with subsections of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Property, Plant and Equipment that address Impairment or Disposal of Long-Lived Assets. The accounting standard requires that property, plant and equipment 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. The difference between rent expense and lease payments is accounted for as deferred rent.

Advertising: Advertising costs are expensed as incurred and were \$3,338,704 and \$3,041,881 for the years ended December 31, 2021 and 2020, respectively.

Functional allocation of expenses: The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, information technology, depreciation and amortization, which are allocated on full-time equivalent employees, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, interest, insurance and other, which are allocated on the basis of estimates of time and effort and full-time equivalent employees.

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, 2021 and 2020.

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 consolidated financial statements.

Interest rate swap agreement: The Aquarium recognizes all derivative financial instruments in the consolidated financial statements at their fair value. The Aquarium participates in an interest rate swap contract that is considered a derivative financial instrument. Changes in the fair value of the derivative financial instrument are recognized in the consolidated statements of activities as gain (loss) on interest rate swap contract.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Use of estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Recently issued accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which requires that lessees recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. The new standard is effective for the Aquarium for the fiscal year beginning January 1, 2022. The adoption of this standard is expected to result in the Aquarium recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. Management is evaluating the impact of this standard on the Aquarium's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the consolidated statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance will be effective for the Aquarium's fiscal year beginning January 1, 2022. The Aquarium is in the process of evaluating the impact of this new guidance on the consolidated financial statements.

Uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantine in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. The Aquarium was forced to close per government mandate in March 2020. It is unknown what the complete financial effect will be on the Aquarium. The extent of the impact of COVID-19 on the Aquarium's operations and financial performance are uncertain and cannot be predicted. Management is continually monitoring the impact of COVID-19.

Subsequent events: The Aquarium has evaluated subsequent events through June 7, 2022, which is the date the consolidated financial statements were available to be issued.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Liquidity and Availability

The Aquarium is supported primarily by program revenues, including admissions and admissions-related revenues, as well as annual membership revenues. Grant funds are received mostly on the reimbursement method. Additional operating support comes from: (a) annual distributions on endowment and restricted investment assets, as approved on a case-by-case basis by the Aquarium's Board of Directors (Board), (b) additional distributions from unrestricted investment assets and (c) draws on the available line of credit.

Historical operating revenues in excess of operating expenses are instrumental in maintaining short-term liquidity.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021 and 2020, are as follows:

	2021	2020
Cash and cash equivalents	\$ 19,196,668	\$ 7,778,318
Promises to give, net	3,046,557	3,905,175
Grants receivable	2,289,881	368,783
Accounts receivable	365,413	302,625
Investments	40,471,613	37,252,787
Total financial assets	<u>65,370,132</u>	<u>49,607,688</u>
Less:		
Refundable advances	1,540,749	773,518
Donor restricted endowments	6,111,376	5,634,888
Restrictions by donor with time or purpose restrictions	7,245,487	6,891,958
Fee reserve for new markets tax credit financings	120,878	163,523
Bank required amounts set aside for liquidity reserve	20,000,000	20,000,000
	<u>35,018,490</u>	<u>33,463,887</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 30,351,642</u>	<u>\$ 16,143,801</u>

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Promises to Give

Included in promises to give are the following unconditional promises to give at December 31, 2021 and 2020:

	2021	2020
BLUEprint plan	\$ 2,909,927	\$ 3,641,983
Conservation, education and other	169,260	291,101
Unconditional promises to give before present value discount and allowance	3,079,187	3,933,084
Less present value discount	(12,630)	(2,909)
Less allowance for doubtful accounts	(20,000)	(25,000)
Promises to give, net	<u>\$ 3,046,557</u>	<u>\$ 3,905,175</u>
Amounts due in:		
Less than one year	\$ 1,470,286	\$ 1,388,165
One to five years	1,608,901	2,544,919
	<u>\$ 3,079,187</u>	<u>\$ 3,933,084</u>

Note 4. Investments

Investments owned by the Aquarium consist of the following at December 31, 2021 and 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 1,581,375	\$ 1,581,375	\$ 1,596,194	\$ 1,596,215
Mutual funds	30,599,484	30,606,719	28,590,932	34,123,204
Hedge fund	6,205,000	6,409,333	-	-
Real estate fund	1,500,000	1,874,186	1,500,000	1,533,368
	<u>\$ 39,885,859</u>	<u>\$ 40,471,613</u>	<u>\$ 31,687,126</u>	<u>\$ 37,252,787</u>

Investment income is as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Net unrealized and realized gains	\$ 4,182,899	\$ 4,388,822
Interest and dividends on investments	551,259	487,193
Investment fees	(151,109)	(82,400)
	4,583,049	4,793,615
Interest income on notes receivable	165,719	182,442
Total investment income	<u>\$ 4,748,768</u>	<u>\$ 4,976,057</u>

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. 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: The Aquarium's interest rate swap is observable at commonly quoted intervals for the full term of the swap and therefore is considered a Level 2 item.

Level 3: Not applicable.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

The following table classifies all investments into the hierarchy set forth by the ASC 820. The table includes those investments that are held and managed by the Aquarium measured at fair value on a recurring basis by level within the hierarchy at December 31, 2021 and 2020:

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Mutual funds (a):								
International	\$ 6,886,273	\$ -	\$ -	\$ 6,886,273	\$ 6,718,708	\$ -	\$ -	\$ 6,718,708
Fixed income	3,509,432	-	-	3,509,432	9,212,074	-	-	9,212,074
Value	18,400,599	-	-	18,400,599	16,596,697	-	-	16,596,697
Real estate	69,362	-	-	69,362	54,552	-	-	54,552
Global hard asset	1,741,053	-	-	1,741,053	1,541,173	-	-	1,541,173
Total investments at fair value	<u>\$ 30,606,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>30,606,719</u>	<u>\$ 34,123,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>34,123,204</u>
Real estate fund (b)				1,874,186				1,533,368
Hedge fund (b)				6,409,333				-
Total investments				<u>\$ 38,890,238</u>				<u>\$ 35,656,572</u>
Interest rate swap	\$ -	\$ 1,018,659	\$ -	\$ 1,018,659	\$ -	\$ 2,125,825	\$ -	\$ 2,125,825
Total liabilities	<u>\$ -</u>	<u>\$ 1,018,659</u>	<u>\$ -</u>	<u>\$ 1,018,659</u>	<u>\$ -</u>	<u>\$ 2,125,825</u>	<u>\$ -</u>	<u>\$ 2,125,825</u>

- (a) Mutual funds are investments made through managed accounts and hold a variety of equity and debt securities such as U.S. and international stocks, as well as U.S. and international sovereign, agency and corporate debt. These funds are classified as Level 1 investments when the funds are publicly traded.
- (b) In accordance with Subtopic 820-10, as amended by ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Assets Value per Share (or its Equivalent)*, certain investments that were measured at net asset value (NAV) per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The Aquarium excludes cash and cash equivalents from the fair value hierarchy as cash is generally measured at cost. As such, \$1,581,375 and \$1,596,215 of cash equivalents in the Aquarium's investment portfolio at December 31, 2021 and 2020, respectively, have been excluded from this table.

The Aquarium invests in entities which are measured at NAV per share, or its equivalents. Information pertaining to this investment is as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund (a)	\$ 1,874,186	\$ -	None	90 days
Hedge fund (b)	6,409,333	-	None	None
Total	<u>\$ 8,283,519</u>			

- (a) This category includes a partnership which invests in commercial and residential real estate. The fair value of the investment in this category has been estimated using the NAV per share of the investment.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

- (b) This category includes investments in funds that provide exposure to broadly diversified institutional portfolios. The fair value of the investment in this category has been estimated using the NAV per share of the investment.

Note 6. Property and Equipment

Major classes of property and equipment at December 31, 2021 and 2020, are as follows:

	2021	2020
Land	1,362,888	1,362,888
Furniture, fixtures and office equipment	13,263,436	13,366,172
Other equipment	15,937,885	15,563,742
Building and leasehold improvements	196,516,988	195,720,758
Construction in progress	1,759,900	1,036,283
	<u>228,841,097</u>	<u>227,049,843</u>
Less accumulated depreciation	(154,198,757)	(144,829,270)
	<u>\$ 74,642,340</u>	<u>\$ 82,220,573</u>

Depreciation on these assets for the years ended December 31, 2021 and 2020, was \$9,369,487 and \$10,250,698, respectively.

Note 7. Long-Term Debt

On May 30, 2019, the Aquarium issued two tax-exempt floating rate revenue bonds, Series A and Series B, in the amounts of \$17,014,000 and \$15,595,000, respectively, totaling \$32,609,000. The balance of the bonds payable was \$28,165,148 and \$29,982,500 at December 31, 2021 and 2020, respectively. Interest on the bonds resets monthly based on 79% of the one-month London Interbank Offered Rate (LIBOR) plus 1.35%. The interest rate at December 31, 2021 and 2020, was 1.43% and 1.47%, respectively. The bonds mature on June 1, 2034.

In May 2021, the Aquarium and BB&T (now Truist) agreed to amend both its non-taxable and taxable debts. The amendment describes the steps to mitigate a failure of the debt service coverage ratio, namely: establish a declining balance debt service reserve fund, increase required liquidity to \$20,000,000 as of June 30, 2021, and increase the reporting requirement to monthly (45 days after the close of each month). The amendment also waives measurement of the debt service coverage ratio at December 31, 2020 and June 30, 2021.

New market tax credit: On March 21, 2017, the Aquarium secured permanent financing related to the renovation of the ACRC property by entering into a transaction structured to qualify for the New Markets Tax Credit (NMTC), as outlined in IRC Section 45(d). As part of the transaction, the Aquarium established two new entities: ACRC Lender, LLC (Lender) and ACRC Lessor, Inc. (Lessor). Lender is a single-member LLC owned by NA and is considered a disregarded entity for income tax purposes. Lessor is a 501(c)(3) nonprofit/nonstock corporation, and is considered a Type II supporting organization under IRC Section 509(a)(3).

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Long-Term Debt (Continued)

On the above NMTC transaction date, the loan agreement for the Aquarium's delayed draw term loan was amended to reduce the maximum principal amount available from \$20,000,000 to \$18,000,000, to revise to \$20,000,000 the Aquarium's Minimum Unrestricted Liquid Assets required to be maintained as of each June 30 and December 31 during the first seven years of the agreement, and to expand the permitted uses of proceeds to include not only the purchase, reconstruction, equipping and furnishing of the ACRC property but funding Lender and Lessor as described immediately below.

The Aquarium drew down \$424,681 prior to the NMTC transaction date, and an additional \$11,441,882 at the time of closing. Of the latter amount, the Aquarium contributed \$10,332,500 to Lender via an equity contribution and \$1,109,382 to Lessor. Lender, acting as the leveraged lender in the NMTC transaction, then loaned \$10,332,500 to an entity serving in the investment fund role for the transaction. Lender's loan receivable earns interest of 1.21% per annum. There are no principal payments due for the first seven years of the agreement. During the year ended December 31, 2021, the Lender made equity distributions of \$143,611 to the Aquarium. There were no equity distributions during the year ended December 31, 2020.

Lessor entered into loan agreements totaling \$14,700,000 that qualify as qualified low-income community investment (QLICI) loans under the NMTC program. Lessor's loan payable bears interest of 1.42% per annum. The Aquarium agreed to indemnify the qualified community development entity (CDE) investors for any potential tax credit losses.

On June 30, 2017, the Aquarium secured additional permanent financing related to the ACRC property by entering into a second transaction structured to qualify for the NMTC. In this transaction, the Aquarium made an additional equity contribution of \$3,281,040 of loan proceeds to Lender. Lender, acting as the leveraged lender in the transaction, then loaned \$3,281,040 of loan proceeds to an entity serving in the investment fund role of the NMTC transaction. Lender's loan receivable earns interest of 1.21% per annum. There are no principal payments due for the first seven years of the agreement. Total loans receivable under these transactions was \$13,613,540 at December 31, 2021 and 2020.

Lessor entered into loan agreements totaling \$4,704,000 that qualify as QLICI loans under the NMTC program. Lessor's loan payable bears interest of 1.42% per annum. The Aquarium agreed to indemnify the CDE investors for any potential tax credit losses.

Interest rate swap contracts: In May 2019, Aquarium entered into two new interest rate swap agreements related to its issuance of the Series A and Series B bonds with notional amounts totaling \$25,348,634 and \$26,984,250 as of December 31, 2021 and 2020, respectively. Under the terms of the swaps, which expire June 2029, the Aquarium pays a monthly fixed interest rate of 3.07%. The estimated total fair value of these agreements were classified as a liability of \$1,018,659 and \$2,125,825 in the Aquarium's consolidated statements of financial position as of December 31, 2021 and 2020, respectively. A net gain (loss) of \$1,107,166 and \$(1,411,823) was also recognized for the years ended December 31, 2021 and 2020, respectively, and recorded on the consolidated statements of activities.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Long-Term Debt (Continued)

Notes payable: The Aquarium, received a loan (the Loan) of \$3,770,500 from Truist Bank on April 20, 2020, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. The interest rate was 1.0% per annum. The Loan was guaranteed by the Small Business Administration (SBA) and was scheduled to mature on April 20, 2022. There were no application or other fees associated with this Loan. The Aquarium elected to account for the loan as a financial obligation under the provisions of ASC 470. Qualifying uses of proceeds included payment of compensation and benefit costs in order to retain workers and to make mortgage interest payments, lease payments and utility payments. The Aquarium used the entire Loan amount for qualifying expenses. Under the terms of the PPP, some or all of the Loan may be forgiven if the funds were used for qualifying expenses as described in the CARES Act. The Aquarium applied for and received forgiveness for the entire loan amount on June 16, 2021, and has recognized both the \$3,770,500 loan and \$42,763 of interest expense as revenue without donor restrictions in the consolidated statement of activities for the year ended December 31, 2021. The loan is subject to audit by the SBA for a period of six years following forgiveness.

The Aquarium received a loan from Truist Bank on June 2, 2020, to provide short-term liquidity. The total amount of the loan was \$710,000 with an interest rate equal to one-month LIBOR plus 2% per annum. The interest rate at December 31, 2020, was 2.75%. The loan was repaid in full during the year ended December 31, 2021. The balance was \$0 and \$710,000 as of December 31, 2021 and 2020, respectively.

Principal payment requirements on the bonds payable and deferred draw term loan at December 31, 2021, are due in future years as follows:

	NMTC Notes	Bonds Payable	Total
Years ending December 31:			
2022	\$ -	\$ 1,874,604	\$ 1,874,604
2023	-	1,932,600	1,932,600
2024	-	1,993,452	1,993,452
2025	618,150	2,057,250	2,675,400
2026	627,003	2,122,044	2,749,047
Thereafter	18,158,847	18,185,198	36,344,045
	19,404,000	28,165,148	47,569,148
Issuance costs, net of amortization	(583,756)	(33,742)	(617,498)
	<u>\$ 18,820,244</u>	<u>\$ 28,131,406</u>	<u>\$ 46,951,650</u>

Interest expense on long-term debt was \$1,287,127 and \$1,331,052 for the years ended December 31, 2021 and 2020, respectively, and is included with debt service expense on the consolidated statements of activities.

Note 8. Capital Lease Obligations

In July 2016, NA entered into a 4D attraction upgrade agreement with Iwerks Entertainment Inc. (Iwerks). The 10-year agreement includes, among other things, a capital lease for equipment related to the 4D movie theater. The agreement requires Iwerks to install the equipment at NA's facility, service the installed equipment and ensure it is maintained in good working order and provide technical support and make emergency service visits as needed. All Iwerks obligations are covered under a single fee and payment schedule in the agreement, effective January 8, 2018. Management determined that the value of the capital lease portion of the agreement was \$1,350,000. This assessment is based on fair value of the equipment installed.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Capital Lease Obligations (Continued)

Total principal payment requirements on the capital lease obligations at December 31, 2021, are due in future years as follows:

Years ending December 31:	
2022	\$ 236,109
2023	223,202
2024	160,195
2025	160,195
2026	160,195
Thereafter	377,848
	<hr/>
	1,317,744
Less amount representing interest	(96,488)
	<hr/>
	\$ 1,221,256
	<hr/>

Interest expense relating to the capital leases totaled \$36,678 and \$7,212 for the years ended December 31, 2021 and 2020, respectively, and is included with debt service expense on the consolidated statements of activities.

Note 9. 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 complex 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.
- 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 10 years each, upon certain conditions being met by both parties, as defined by the agreement.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Line of Credit

The Aquarium's revolving line of credit was amended on June 2, 2020. The amendment increased the total amount of the line to \$3,000,000 with a floating rate of interest equal to one-month LIBOR plus 200 basis points and established a minimum rate of 2.75%. The interest rate was 2.75% as of both December 31, 2021 and 2020. The balance outstanding was \$0 and \$3,000,000 as of December 31, 2021 and 2020, respectively.

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2021 and 2020:

	2021	2020
Subject to expenditure for a specified purpose:		
NA:		
Capital expansion	\$ 3,495,140	\$ 2,631,686
Conservation and education programs	2,987,958	3,455,273
Aquarium experience	110,564	152,726
Henry Hall activities	1,250	75,093
Total NA	<u>6,594,912</u>	<u>6,314,778</u>
Foundation:		
Henry Hall activities	631,512	577,180
	<u>7,226,424</u>	<u>6,891,958</u>
Subject to the Aquarium's spending policy and appropriation:		
Foundation:		
Investment in perpetuity (including amounts above original gift amount totaling \$2,271,172 for both years), the income from which is expendable to support:		
Aquarium science and medicine	1,605,163	1,483,140
Lecture series	1,438,795	1,328,338
Marine life accessions	1,292,320	1,188,454
Education center	1,124,231	1,033,742
Professional excellence	650,867	601,214
Total Foundation	<u>6,111,376</u>	<u>5,634,888</u>
	<u>\$ 13,337,800</u>	<u>\$ 12,526,846</u>

The earnings on the net assets with donor restrictions are directed for use by the donors and are accounted for in the donor restricted funds until appropriated by the Aquarium for use in their designated purposes.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Net Assets With Donor Restrictions (Continued)

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 donor restricted for the designated purposes. The James McBride Endowment of \$149,944, with additional matching support by the Foundation of \$150,000, was established to provide funds for education for professional staff. A donor has established endowed funds in the form of a \$1,007,980 bequest to aid in providing additional veterinary support to the Aquarium.

Net assets released from restrictions consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Specific purpose restrictions accomplished:		
Capital expansion	\$ 50,255	\$ 634,184
Conservation and education programs	1,454,810	1,135,770
Aquarium experience	42,162	89,947
Henry Hall activities	123,625	88,056
	<u>1,670,852</u>	<u>1,947,957</u>
Release of appropriations subject to the Aquarium's spending policy:		
Aquarium science and medicine	64,185	67,726
Lecture series	54,576	-
Marine life accessions	45,774	48,573
Education center	39,687	42,214
Professional excellence	25,813	27,388
	<u>230,035</u>	<u>185,901</u>
Total restrictions released	<u>\$ 1,900,887</u>	<u>\$ 2,133,858</u>

Interpretation of relevant law: The Board 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 net assets for investment in perpetuity: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the 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 classified as donor restricted net assets under UPMIFA until appropriated for use in accordance with the donor's stipulations.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Net Assets With Donor Restrictions (Continued)

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 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.

The composition of the Aquarium's donor-restricted endowment and non-endowment funds at December 31, 2021 and 2020, is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 6,111,376	\$ 6,111,376
Non-endowment funds	81,963,650	7,245,487	89,209,137
Total funds	<u>\$ 81,963,650</u>	<u>\$ 13,356,863</u>	<u>\$ 95,320,513</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 5,634,888	\$ 5,634,888
Non-endowment funds	66,406,225	6,891,958	73,298,183
Total funds	<u>\$ 66,406,225</u>	<u>\$ 12,526,846</u>	<u>\$ 78,933,071</u>

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Net Assets With Donor Restrictions (Continued)

Changes in endowment net assets for the fiscal years ended December 31, 2021 and 2020, are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 5,634,888	\$ 5,634,888
Investment return, net	-	706,523	706,523
Appropriation of endowment assets for expenditures	-	(230,035)	(230,035)
Endowment net assets, end of the year	<u>\$ -</u>	<u>\$ 6,111,376</u>	<u>\$ 6,111,376</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 5,059,224	\$ 5,059,224
Investment return, net	-	761,565	761,565
Appropriation of endowment assets for expenditures	-	(185,901)	(185,901)
Endowment net assets, end of the year	<u>\$ -</u>	<u>\$ 5,634,888</u>	<u>\$ 5,634,888</u>

Note 12. Employee Benefit Plans

The Aquarium has a 401(k) plan for employees which provides for an employer match of participant contributions and the option to make discretionary employer contributions. In 2019, the Aquarium matched 50% of participant contributions up to 3% total. In 2020, the Aquarium continued matching 3% until March 29, 2020. Effective March 29, 2020, the Aquarium discontinued its employee match for the balance of the year. No discretionary contributions were made in 2021 or 2020. The 401(k) plan expense was \$6,795 and \$52,031 for the years ended December 31, 2021 and 2020, respectively. The Aquarium also has a 457(f) plan. The Aquarium made contributions of approximately \$42,000 and \$25,000 to this plan for the years ended December 31, 2021 and 2020, respectively.

Plan assets for the 457(f) plan are not held in trust for plan participants but remain the property of the employer and are therefore recorded as equal amounts of accounts payable and accrued expenses liabilities and other assets in the consolidated statements of financial position.

Note 13. Commitments and Contingencies

Commitments: The Aquarium leases office, warehouse, aquatic tank space and an exhibit under operating lease agreements which expire through May 2033. Total expense for these leases was \$503,075 and \$716,721 for the years ended December 31, 2021 and 2020, respectively.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Commitments and Contingencies (Continued)

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

Years ending December 31:	
2022	\$ 515,707
2023	589,106
2024	646,098
2025	660,590
2026	675,432
Thereafter	4,708,963
	<u>\$ 7,795,896</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.

Power purchase agreement: In July 2014, NA entered into a power purchase agreement with Constellation NewEnergy, Inc., committing NA to purchasing all of the energy output of a specifically identified solar facility completed in the second quarter of 2015. The solar facility output serves as a price component for a blended fixed rate on all electricity consumption of the Aquarium (excluding the animal care and rescue center) through March 2040. The established rate per megawatt hour was subject to an annual 2.9% increase through the fixed rate period, which ended December 2020. The pricing from January 2021 to March 2040 is on a pass-through model based on variables described in the agreement.

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 \$1,044,682 and \$670,924 for the years ended December 31, 2021 and 2020, respectively. The Aquarium includes a provision for estimated claims of \$113,496 and \$72,079 in accounts payable and accrued expenses on the consolidated statements of financial position, as of December 31, 2021 and 2020, respectively.

Federal awards: The Aquarium participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by federal agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

Note 14. Employee Retention Tax Credit

The Employee Retention Tax Credit (ERTC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before September 30, 2021. Qualified wages can't include any amounts submitted on the PPP loan forgiveness application. The Aquarium met eligibility requirements as an employer to receive the tax credit based off qualified wages for the first two quarters of 2021, resulting in additional income of \$3,786,993 recorded with contributions and grants on the consolidated statements of activities for the year ended December 31, 2021.

National Aquarium, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 15. Conditional Grants

During the year ended December 31, 2021, the Aquarium was awarded \$7,000,000 in capital grant awards from the state of Maryland for the Rain Forest Glazing Project expenditures. As of December 31, 2021, the Aquarium has \$6,700,000 to be earned on this conditional grant. The amount is not recognized in the accompanying consolidated financial statements as such revenue is recognized over the multi-year period indicated in the grant agreement, conditional upon management of the Aquarium complying with grant requirements.

Note 16. Subsequent Events

On April 14, 2022, the Aquarium and BB&T (now Truist) agreed to amend its tax-exempt debt. The amendment removed monthly reporting requirements, maintenance of a debt service reserve fund account and a \$20 million mid-year liquidity covenant instituted to mitigate failure to meet the debt service covenant in 2020. The amendment reinstated quarterly reporting and a mid-year liquidity requirement of \$16 million included in the May 30, 2019, loan and financing agreement.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors
National Aquarium, Inc.

We have audited the consolidated financial statements of National Aquarium, Inc. and Subsidiaries (collectively, the Aquarium) as of and for the year ended December 31, 2021, and have issued our report thereon, which contained an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audit was 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 changes in net assets and cash flows 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Gaithersburg, Maryland
June 7, 2022

National Aquarium, Inc. and Subsidiaries

Consolidating Statements of Financial Position Years Ended December 31, 2021 and 2020

	2021					
	National Aquarium, Inc.	National Aquarium Foundation, Inc.	ACRC Lender, LLC	ACRC Lessor, Inc.	Eliminations	Total
Assets						
Cash and cash equivalents	\$ 18,920,802	\$ -	\$ 150,629	\$ 4,359	\$ -	\$ 19,075,790
Restricted cash	-	-	-	120,878	-	120,878
Promises to give, net	3,046,557	-	-	-	-	3,046,557
Grants receivable	2,289,881	-	-	-	-	2,289,881
Prepaid expenses	252,867	-	-	235,000	-	487,867
Other assets	619,827	16,440	112,693	-	-	748,960
Due from affiliate	-	93,644	-	-	(93,644)	-
Investments	-	40,471,613	-	-	-	40,471,613
Loans receivable	-	-	13,613,540	-	-	13,613,540
Investment in subsidiary	13,874,906	-	-	-	(13,874,906)	-
Property and equipment, net	58,368,173	-	-	16,274,167	-	74,642,340
Total assets	\$ 97,373,013	\$ 40,581,697	\$ 13,876,862	\$ 16,634,404	\$ (13,968,550)	\$ 154,497,426
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	\$ 2,473,304	\$ -	\$ -	\$ 514,305	\$ -	\$ 2,987,609
Accrued salaries and benefits	792,879	-	-	-	-	792,879
Due to affiliate	93,644	-	-	-	(93,644)	-
Deferred revenue and refundable advances	4,935,380	-	-	-	-	4,935,380
Deferred rent	1,269,480	-	-	-	-	1,269,480
Capital lease obligations, net of unamortized issuance costs	1,221,256	-	-	-	-	1,221,256
Interest rate swap	1,018,659	-	-	-	-	1,018,659
Line of credit	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
New market tax credit loan, net of unamortized issuance costs	-	-	-	18,820,244	-	18,820,244
Bonds payable, net of unamortized issuance costs	28,131,406	-	-	-	-	28,131,406
Total liabilities	39,936,008	-	-	19,334,549	(93,644)	59,176,913
Net assets (deficit):						
Without donor restrictions	50,842,093	33,819,746	13,876,862	(2,700,145)	(13,874,906)	81,963,650
With donor restrictions	6,594,912	6,761,951	-	-	-	13,356,863
Total net assets (deficit)	57,437,005	40,581,697	13,876,862	(2,700,145)	(13,874,906)	95,320,513
Total liabilities and net assets	\$ 97,373,013	\$ 40,581,697	\$ 13,876,862	\$ 16,634,404	\$ (13,968,550)	\$ 154,497,426

2020

National Aquarium, Inc.	National Aquarium Foundation, Inc.	ACRC Lender, LLC	ACRC Lessor, Inc.	Eliminations	Total
\$ 7,196,240	\$ -	\$ 147,035	\$ 44,493	\$ -	\$ 7,387,768
227,027	-	-	163,523	-	390,550
3,905,175	-	-	-	-	3,905,175
368,783	-	-	-	-	368,783
297,159	-	-	335,000	-	632,159
372,541	16,602	94,204	-	-	483,347
208,208	-	-	-	(208,208)	-
-	37,252,787	-	-	-	37,252,787
-	-	13,613,540	-	-	13,613,540
13,852,798	-	-	-	(13,852,798)	-
65,326,524	-	-	16,894,049	-	82,220,573
<u>\$ 91,754,455</u>	<u>\$ 37,269,389</u>	<u>\$ 13,854,779</u>	<u>\$ 17,437,065</u>	<u>\$ (14,061,006)</u>	<u>\$ 146,254,682</u>
\$ 3,389,637	\$ -	\$ -	\$ 450,028	\$ -	\$ 3,839,665
599,726	-	-	-	-	599,726
-	208,208	-	-	(208,208)	-
2,903,597	-	-	-	-	2,903,597
566,323	-	-	-	-	566,323
1,265,660	-	-	-	-	1,265,660
2,125,825	-	-	-	-	2,125,825
3,000,000	-	-	-	-	3,000,000
4,480,500	-	-	-	-	4,480,500
-	-	-	18,594,274	-	18,594,274
29,946,041	-	-	-	-	29,946,041
48,277,309	208,208	-	19,044,302	(208,208)	67,321,611
37,162,368	30,849,113	13,854,779	(1,607,237)	(13,852,798)	66,406,225
6,314,778	6,212,068	-	-	-	12,526,846
43,477,146	37,061,181	13,854,779	(1,607,237)	(13,852,798)	78,933,071
<u>\$ 91,754,455</u>	<u>\$ 37,269,389</u>	<u>\$ 13,854,779</u>	<u>\$ 17,437,065</u>	<u>\$ (14,061,006)</u>	<u>\$ 146,254,682</u>

National Aquarium, Inc. and Subsidiaries

Consolidating Statement of Activities Year Ended December 31, 2021

	National Aquarium, Inc.			National Aquarium Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:						
Admissions	\$ 26,707,875	\$ -	\$ 26,707,875	\$ -	\$ -	\$ -
Contributions and grants	18,035,823	1,950,986	19,986,809	-	-	-
General and corporate membership programs	4,278,239	-	4,278,239	-	-	-
Education program	650,165	-	650,165	-	-	-
Group sales	954,109	-	954,109	-	-	-
Gift shop and food service	1,835,016	-	1,835,016	-	-	-
Auxiliary	1,313,846	-	1,313,846	-	-	-
Catered events	109,333	-	109,333	-	-	-
Intercompany grants	1,237,049	-	1,237,049	93,644	-	93,644
Net assets released from restrictions:						
Satisfaction of program restrictions	50,255	(50,255)	-	230,035	(230,035)	-
Satisfaction of equipment acquisition restrictions	1,620,597	(1,620,597)	-	-	-	-
Total revenue, gains and other support	56,792,307	280,134	57,072,441	323,679	(230,035)	93,644
Expenses:						
Programs:						
Aquarium experience	28,166,204	-	28,166,204	-	-	-
Conservation and education	5,524,272	-	5,524,272	1,156,177	-	1,156,177
Total program expenses	33,690,476	-	33,690,476	1,156,177	-	1,156,177
Supporting services:						
Fundraising and membership	5,343,006	-	5,343,006	-	-	-
Advertising and promotions	3,589,840	-	3,589,840	-	-	-
General and administrative	4,569,089	-	4,569,089	-	-	-
Total supporting services expenses	13,501,935	-	13,501,935	-	-	-
Total expenses	47,192,411	-	47,192,411	1,156,177	-	1,156,177
Change in net assets before other financial items	9,599,896	280,134	9,880,030	(832,498)	(230,035)	(1,062,533)
Investment income, net	165,719	-	165,719	3,803,131	779,918	4,583,049
Gain on interest rate swap contract	1,107,166	-	1,107,166	-	-	-
Debt service	(1,006,319)	-	(1,006,319)	-	-	-
Forgiveness of Paycheck Protection Program promissory note	3,813,263	-	3,813,263	-	-	-
Total other financial items	4,079,829	-	4,079,829	3,803,131	779,918	4,583,049
Change in net assets	13,679,725	280,134	13,959,859	2,970,633	549,883	3,520,516
Net assets (deficit):						
Beginning	37,162,368	6,314,778	43,477,146	30,849,113	6,212,068	37,061,181
Equity distribution	-	-	-	-	-	-
Ending	\$ 50,842,093	\$ 6,594,912	\$ 57,437,005	\$ 33,819,746	\$ 6,761,951	\$ 40,581,697

ACRC Lender, LLC		ACRC Lessor, Inc.		Eliminations			Total		
Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,707,875	\$ -	\$ 26,707,875		
-	-	-	-	-	18,035,823	1,950,986	19,986,809		
-	-	-	-	-	4,278,239	-	4,278,239		
-	-	-	-	-	650,165	-	650,165		
-	-	-	-	-	954,109	-	954,109		
-	-	-	-	-	1,835,016	-	1,835,016		
-	230,833	(230,833)	-	(230,833)	1,313,846	-	1,313,846		
-	-	-	-	-	109,333	-	109,333		
-	-	(1,330,693)	-	(1,330,693)	-	-	-		
-	-	-	-	-	280,290	(280,290)	-		
-	-	-	-	-	1,620,597	(1,620,597)	-		
-	230,833	(1,561,526)	-	(1,561,526)	55,785,293	50,099	55,835,392		
-	700,753	(230,833)	-	(230,833)	28,636,124	-	28,636,124		
-	-	(1,330,693)	-	(1,330,693)	5,349,756	-	5,349,756		
-	700,753	(1,561,526)	-	(1,561,526)	33,985,880	-	33,985,880		
-	-	-	-	-	5,343,006	-	5,343,006		
-	-	-	-	-	3,589,840	-	3,589,840		
25	113,493	-	-	-	4,682,607	-	4,682,607		
25	113,493	-	-	-	13,615,453	-	13,615,453		
25	814,246	(1,561,526)	-	(1,561,526)	47,601,333	-	47,601,333		
(25)	(583,413)	-	-	-	8,183,960	50,099	8,234,059		
165,719	-	(165,719)	-	(165,719)	3,968,850	779,918	4,748,768		
-	-	-	-	-	1,107,166	-	1,107,166		
-	(509,495)	-	-	-	(1,515,814)	-	(1,515,814)		
-	-	-	-	-	3,813,263	-	3,813,263		
165,719	(509,495)	(165,719)	-	(165,719)	7,373,465	779,918	8,153,383		
165,694	(1,092,908)	(165,719)	-	(165,719)	15,557,425	830,017	16,387,442		
13,854,779	(1,607,237)	(13,852,798)	-	(13,852,798)	66,406,225	12,526,846	78,933,071		
(143,611)	-	143,611	-	143,611	-	-	-		
\$ 13,876,862	\$ (2,700,145)	\$ (13,874,906)	\$ -	\$ (13,874,906)	\$ 81,963,650	\$ 13,356,863	\$ 95,320,513		

National Aquarium, Inc. and Subsidiaries

Consolidating Statement of Activities Year Ended December 31, 2020

	National Aquarium, Inc.			National Aquarium Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:						
Admissions	\$ 10,728,751	\$ -	\$ 10,728,751	\$ -	\$ -	\$ -
Contributions and grants	6,378,928	762,458	7,141,386	-	-	-
General and corporate membership programs	3,506,050	-	3,506,050	-	-	-
Education program	311,003	-	311,003	-	-	-
Group sales	344,442	-	344,442	-	-	-
Gift shop and food service	662,826	-	662,826	-	-	-
Auxiliary	657,817	-	657,817	-	-	-
Catered events	229,933	-	229,933	-	-	-
Intercompany grants	2,170,500	-	2,170,500	-	-	-
Net assets released from restrictions:						
Satisfaction of program restrictions	1,641,467	(1,641,467)	-	208,207	(208,207)	-
Satisfaction of equipment acquisition restrictions	284,184	(284,184)	-	-	-	-
Total revenue, gains and other support	26,915,901	(1,163,193)	25,752,708	208,207	(208,207)	-
Expenses:						
Programs:						
Aquarium experience	25,855,205	-	25,855,205	1,050,000	-	1,050,000
Conservation and education	5,181,319	-	5,181,319	1,258,208	-	1,258,208
Total program expenses	31,036,524	-	31,036,524	2,308,208	-	2,308,208
Supporting services:						
General and administrative	4,683,513	-	4,683,513	-	-	-
Fundraising and membership	4,945,394	-	4,945,394	-	-	-
Advertising and promotions	3,392,574	-	3,392,574	-	-	-
Total supporting services expenses	13,021,481	-	13,021,481	-	-	-
Total expenses	44,058,005	-	44,058,005	2,308,208	-	2,308,208
Change in net assets before other financial items	(17,142,104)	(1,163,193)	(18,305,297)	(2,100,001)	(208,207)	(2,308,208)
Investment income, net	182,442	-	182,442	3,951,500	842,115	4,793,615
Loss on interest rate swap contract	(1,411,823)	-	(1,411,823)	-	-	-
Debt service	(1,051,712)	-	(1,051,712)	-	-	-
Gain on disposition of property	11,915	-	11,915	-	-	-
Loss on extinguishment of interest rate swap contract	-	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	-	-
Total other financial items	(2,269,178)	-	(2,269,178)	3,951,500	842,115	4,793,615
Change in net assets	(19,411,282)	(1,163,193)	(20,574,475)	1,851,499	633,908	2,485,407
Net assets (deficit):						
Beginning	56,573,650	7,477,971	64,051,621	28,997,614	5,578,160	34,575,774
Ending	\$ 37,162,368	\$ 6,314,778	\$ 43,477,146	\$ 30,849,113	\$ 6,212,068	\$ 37,061,181

ACRC Lender, LLC		ACRC Lessor, Inc.		Eliminations			Total		
Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,728,751	\$ -	\$ 10,728,751		
-	-	-	-	-	6,378,928	762,458	7,141,386		
-	-	-	-	-	3,506,050	-	3,506,050		
-	-	-	-	-	311,003	-	311,003		
-	-	-	-	-	344,442	-	344,442		
-	-	-	-	-	662,826	-	662,826		
-	200,500	(200,500)	-	(200,500)	657,817	-	657,817		
-	-	-	-	-	229,933	-	229,933		
-	-	(2,170,500)	-	(2,170,500)	-	-	-		
-	-	-	-	-	1,849,674	(1,849,674)	-		
-	-	-	-	-	284,184	(284,184)	-		
-	200,500	(2,371,000)	-	(2,371,000)	24,953,608	(1,371,400)	23,582,208		
-	690,382	(1,321,000)	-	(1,321,000)	26,274,587	-	26,274,587		
-	-	(1,050,000)	-	(1,050,000)	5,389,527	-	5,389,527		
-	690,382	(2,371,000)	-	(2,371,000)	31,664,114	-	31,664,114		
20	113,600	-	-	-	4,797,133	-	4,797,133		
-	-	-	-	-	4,945,394	-	4,945,394		
-	-	-	-	-	3,392,574	-	3,392,574		
20	113,600	-	-	-	13,135,101	-	13,135,101		
20	803,982	(2,371,000)	-	(2,371,000)	44,799,215	-	44,799,215		
(20)	(603,482)	-	-	-	(19,845,607)	(1,371,400)	(21,217,007)		
165,455	-	(165,455)	-	(165,455)	4,133,942	842,115	4,976,057		
-	-	-	-	-	(1,411,823)	-	(1,411,823)		
-	(508,027)	-	-	-	(1,559,739)	-	(1,559,739)		
-	-	-	-	-	11,915	-	11,915		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-		
165,455	(508,027)	(165,455)	-	(165,455)	1,174,295	842,115	2,016,410		
165,435	(1,111,509)	(165,455)	-	(165,455)	(18,671,312)	(529,285)	(19,200,597)		
13,689,344	(495,728)	(13,687,343)	-	(13,687,343)	85,077,537	13,056,131	98,133,668		
\$ 13,854,779	\$ (1,607,237)	\$ (13,852,798)	\$ -	\$ (13,852,798)	\$ 66,406,225	\$ 12,526,846	\$ 78,933,071		