

**Texas State Aquarium  
Association**

***Consolidated Financial Statements  
& Independent Auditors' Report***

**For the Years Ended  
December 31, 2018 and 2017**



**GOWLAND, STREATLY, MORALES & COMPANY, PLLC**

**Certified Public Accountants**

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**CERTIFICATE OF BOARD**

**APPROVAL OR DISAPPROVAL OF AUDIT REPORT**

**TEXAS STATE AQUARIUM ASSOCIATION**

I, \_\_\_\_\_, Chairperson of the Finance Committee of the Board of Directors of Texas State Aquarium Association, do hereby certify that this accompanying audit report for fiscal year ended December 31, 2018 from Gowland, Strealy, Morales & Company, A Professional Limited Liability Company, was reviewed and \_\_\_\_\_ approved / \_\_\_\_\_ disapproved at a meeting of the Finance Committee held on the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Chairperson, Finance Committee

\_\_\_\_\_  
Date



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Certified Public Accountants

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Texas State Aquarium  
Corpus Christi, Texas

We have audited the accompanying consolidated financial statements of Texas State Aquarium Association (a non-profit organization) and affiliates, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the year 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 the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the 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 entity's preparation and fair presentation of the consolidated financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Texas State Aquarium Association and affiliates as of December 31, 2018 and 2017, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note A to the financial statements, in 2018, The Texas State Aquarium Association, adopted new accounting guidance, ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

  
Gowland, Strealy, Morales & Company, PLLC  
Certified Public Accountants

Corpus Christi, Texas  
August 2, 2019

## **FINANCIAL SECTION**

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidated Statements of Financial Position  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 669,134	\$ 1,901,692
Cash and Cash Equivalent - Donor Restricted	685,712	635,691
Investments:		
Without Donor Restrictions	3,374,940	1,436,433
Trade and Other Receivables	360,211	337,296
Inventories	41,001	34,395
Prepaid Assets	131,385	106,813
Total Current Assets	<u>5,262,383</u>	<u>4,452,320</u>
Note Receivable	<u>6,990,000</u>	<u>6,990,000</u>
Pledges Receivable, restricted to purchase of property and equipment, net	<u>4,320,039</u>	<u>3,518,038</u>
Endowment Assets		
Cash and Cash Equivalents	-	-
Investments	<u>3,069,279</u>	<u>3,386,582</u>
Total Endowment Assets	<u>3,069,279</u>	<u>3,386,582</u>
Property and Equipment	116,185,623	115,964,580
Less: Accumulated Depreciation	<u>(49,762,866)</u>	<u>(45,429,906)</u>
Total Property and Equipment, Net	<u>66,422,757</u>	<u>70,534,674</u>
TOTAL ASSETS	<u>\$ 86,064,458</u>	<u>\$ 88,881,614</u>

The accompanying notes are an integral part of the financial statements.

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidated Statements of Financial Position  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 264,094	\$ 365,325
Accrued Payables	419,421	481,697
Deferred Income	161,642	311,781
Notes Payable - Current	1,072,789	719,796
Total Current Liabilities	<u>1,917,946</u>	<u>1,878,599</u>
Long-Term Debt:		
Notes Payable	<u>28,803,197</u>	<u>30,467,702</u>
Total Liabilities	<u>30,721,143</u>	<u>32,346,301</u>
Net Assets:		
Without Donor Restrictions	46,360,430	49,392,691
With Donor Restrictions	8,982,885	7,142,622
Total Net Assets	<u>55,343,315</u>	<u>56,535,313</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>86,064,458</u></b>	<b>\$ <u>88,881,614</u></b>

The accompanying notes are an integral part of the financial statements.



TEXAS STATE AQUARIUM ASSOCIATION  
Consolidated Statements of Activities  
For the Year Ended December 31, 2018  
With Summarized Information for the Year Ended December 31, 2017

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Totals	Summarized Totals
<b>SUPPORT AND REVENUE</b>				
Admissions	\$ 7,985,383	\$ -	\$ 7,985,383	\$ 7,826,377
Gift Shop Sales	834,313	-	834,313	757,336
Programs	1,682,446	-	1,682,446	1,612,789
Gifts and Donations	348,745	-	348,745	416,596
In-Kind Donations	179,121	-	179,121	272,840
Parking	-	-	-	1,189
Education Programs	1,099,503	-	1,099,503	1,045,015
Memberships	1,293,932	-	1,293,932	1,427,401
Concessions	2,284,605	-	2,284,605	2,440,073
Vending, Rentals & Other	617,940	-	617,940	453,232
Investment Income	387,753	69,900	457,653	409,174
Net Unrealized Gain/(Loss) in Investment	-	(542,401)	(542,401)	326,642
Restricted Donations	-	2,682,249	2,682,249	2,006,975
Net Assets Released From Restrictions	369,485	(369,485)	-	-
Total Support and Revenue	<u>17,083,226</u>	<u>1,840,263</u>	<u>18,923,489</u>	<u>18,995,639</u>
<b>EXPENSES</b>				
Program services				
Education	1,052,215	-	1,052,215	1,070,433
Curatorial	3,354,351	-	3,354,351	3,686,880
Other Program Services	8,411,823	-	8,411,823	8,357,104
Total Program Services	<u>12,818,389</u>	<u>-</u>	<u>12,818,389</u>	<u>13,114,417</u>
Supporting Services				
Management and General	1,947,668	-	1,947,668	2,116,050
Endowment & Reserve	32,670	-	32,670	38,820
Fundraising	670,636	-	670,636	878,761
Total Supporting Services	<u>2,650,974</u>	<u>-</u>	<u>2,650,974</u>	<u>3,033,631</u>
Total Operating Expenses (before Depreciation & Gains/Losses)	<u>15,469,363</u>	<u>-</u>	<u>15,469,363</u>	<u>16,148,048</u>
Increase (Decrease) in Net Assets Before Depreciation & Gains/Losses	1,613,863	1,840,263	3,454,126	2,847,591
Depreciation Expense	(4,650,200)	-	(4,650,200)	(3,549,285)
Net gain (loss) on Disposal of Assets	4,076	-	4,076	(3,420)
Increase (Decrease) in Net Assets	(3,032,261)	1,840,263	(1,191,998)	(705,114)
NET ASSETS, beginning of year	<u>49,392,691</u>	<u>7,142,622</u>	<u>56,535,313</u>	<u>57,240,427</u>
NET ASSETS, end of year	<u>\$ 46,360,430</u>	<u>\$ 8,982,885</u>	<u>\$ 55,343,315</u>	<u>\$ 56,535,313</u>

The accompanying notes are an integral part of the financial statements.

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Net Increase (Decrease) in Total Net Assets	\$ (1,191,998)	\$ (705,114)
Adjustments to reconcile net increase in total net assets to cash provided (used) by operating activities:		
Noncash Revenues and Expenses Included in Net Income:		
Depreciation	4,649,702	3,548,787
Net Unrealized (Gain)/Loss on Investments	542,702	326,642
Changes in Operating Assets & Liabilities:		
(Increase) Decrease in:		
Pledge and Other Receivables	(824,916)	1,202,313
Inventory	(6,606)	(3,788)
Other Current Assets	(24,572)	39,600
Increase (Decrease) in:		
Accounts Payable and Accrued	(163,507)	(4,074,032)
Deferred Income	<u>(150,139)</u>	<u>276,069</u>
Net Cash Provided (Used) by operating activities	<u>2,830,666</u>	<u>610,477</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	43,125	284,226
Purchase of Investments	(2,207,031)	(829,172)
Capital Expenditures	<u>(537,785)</u>	<u>(12,340,328)</u>
Net cash provided (used) by investing activities	<u>(2,701,691)</u>	<u>(12,885,274)</u>
Cash Flows from financing activities:		
Proceeds from incurrence of Long Term Debt	-	11,024,270
Principal Payments on Debt	<u>(1,311,512)</u>	<u>(376,502)</u>
Net cash provided (used) in financing activities	<u>(1,311,512)</u>	<u>10,647,768</u>
Net increase (decrease) in cash	(1,182,537)	(1,627,029)
Cash and Cash Equivalents - Beginning of Year	<u>2,537,383</u>	<u>4,164,412</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,354,846</u>	<u>\$ 2,537,383</u>
Supplemental Data:		
Interest Paid	<u>\$ 761,999</u>	<u>\$ 682,666</u>

The accompanying notes are an integral part of the financial statements.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Texas State Aquarium Association (the Aquarium) operates an aquarium facility located in Corpus Christi, Texas. The Aquarium is organized as a non-profit Texas corporation and qualifies as a tax-exempt organization under Code Section 501(c)(3) of the Internal Revenue Service Code. In addition to live marine exhibits, the Aquarium provides educational programs concerning marine habitats of the Texas Gulf Coast area. The Aquarium's primary revenues include admission fees, retail sales, and program fees. Other revenue sources include grants, gifts, and parking fees. TSAABSA Beverage Services Association ("TSAABSA"), a wholly-owned subsidiary of the Aquarium, operates as a liquor catering company for patrons of the Aquarium as well as the general public.

Friends of the Texas State Aquarium (FTSA) was organized in December 2014 by the Aquarium as a Texas Nonprofit Corporation to facilitate the construction of a new facility for use by the Aquarium. Both organizations are under common control, since board members of the Aquarium comprise a majority of the Board of Trustees of FTSA and, accordingly, are combined in these financial statements.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Consolidation

The consolidated financial statements as of and for the year ended December 31, 2018 and 2017, include the accounts of The Aquarium, the TSAABSA and FTSA (collectively, "the Aquarium"). All significant inter-organizational transactions and balances have been eliminated.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Financial Statement Presentation

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization implemented this new standard for the year ended December 31, 2018.

Under ASU No. 2016-14, the Organization is required to report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- Net Assets Without Donor restrictions – These resources are available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application of tax-exempt status, and any limits resulting from contractual agreements with creditors and other that are entered into in the course of its operations.
- Net Assets With Donor restrictions – These resources are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Capitalization Policy

Purchases of \$2,500 and an estimated useful life span of greater than one year are capitalized. Any purchases of less than \$2,500 are expensed.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Allowance for Doubtful Accounts

In the opinion of management, substantially all receivables are collectible in full; therefore, no allowance for doubtful accounts is provided.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2018 and 2017 was \$1,010,698 and \$915,889, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Federal Income Taxes

The Aquarium, TSAABSA and FTSA are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Aquarium's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Aquarium and FTSA qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than a private foundation under Section 509(a)(2). As of December 31, 2018 and 2017, there were no material uncertain tax positions.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in financial institutions and highly liquid investments with maturity dates of less than three months.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Investments

Investments are carried at fair value, which is based on quoted market prices at December 31, 2018 and 2017.

	2018	2017
<b>Without Donor Restrictions</b>		
Cash/Money Accounts	\$ 3,421,415	\$ 1,423,933
Certificates of Deposit/ Equivalents	12,500	12,500
	<u>\$ 3,433,915</u>	<u>\$ 1,436,433</u>
<b>With Donor Restrictions</b>		
Cash/ Money Accounts	\$ 284,139	\$ 130,012
Stock Equities	698,641	745,004
Stock Funds	1,399,024	1,501,547
Bond Funds	323,930	337,445
Exchange Traded Funds	363,545	672,574
Total	<u>\$ 3,069,279</u>	<u>\$ 3,386,582</u>

Contributions

Contributions received are recorded as Without Donor Restrictions and With Donor Restrictions depending on the existence of any donor restrictions. All donor-restricted support is reported as an increase in With Donor Restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), With Donor Restricted net assets are reclassified to Without Donor Restricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

The Aquarium receives pledges, or promises to give, for contributions extending over several years. Contributions are recognized when the donor makes a promise to give to the Aquarium that is, in substance, unconditional. Donor-restricted promises to give are reported as increases in With Donor Restrictions net assets. When a restriction expires, With Donor Restrictions net assets are reclassified to Without Donor Restrictions net assets and shown as net assets released from restrictions. The Aquarium uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. Conditional promises to give are recognized only when the condition on which they depend are substantially met and the promises become unconditional.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Unconditional promises to give as of December 31, 2018 and 2017 are due as follows:

	2018	2017
Pledges receivable	\$ 4,547,409	\$ 3,703,198
Less: Allowance for Uncollectible		
Promises Receivable	(45,474)	(37,032)
Unamortized discount	(181,896)	(148,128)
Total Unconditional Promises to Give, Net	\$ <u>4,320,039</u>	\$ <u>3,518,038</u>
Amounts due in:		
Less than one year	\$ 840,088	\$ 1,255,497
One to four years, net of discount	3,479,951	2,262,541
Total Unconditional Promises to Give, Net	\$ <u>4,320,039</u>	\$ <u>3,518,038</u>

Unconditional promises to give receivable due in more than one year are discounted at 2.5% for 2018 and 2.5% for 2017.

Note Receivable

The note receivable, totaling \$6,990,000 as of December 31, 2018 and 2017, is reported at its outstanding balance and is considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided. In making that determination, management evaluated the financial condition of the borrower, the estimated value of the underlying collateral, and the economic conditions. Interest on the note receivable is recognized over the term of the note receivable and is calculated using the simple-interest method on principal amounts outstanding.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Contributed Services

The Aquarium received an estimated 52,960 hours of donated services during the year ended December 31, 2018 and 38,877 hours during the year ended December 31, 2017. A significant amount of those donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer efforts under SFAS No. 116. Volunteer services of a specialized nature are valued at estimated market values and are recorded at the time of contribution. Other contributions of services or materials are recorded at estimated market value at the time of contribution. For the years ended December 31, 2018 and 2017, the Aquarium recognized \$179,121 and \$160,660 respectively, for donated services. The amounts are included in unrestricted support and expense.

Inventories

Inventories consist of concession items and are stated at the lower of cost or market determined by the first-in first-out method.

Membership Fees

The Aquarium sells annual memberships entitling the purchaser to unlimited admission during the year as well as discounts on gifts and special events. Fees for memberships are recognized as revenue in the period to which they relate.

Property and Equipment

Property and equipment are recorded at cost as of the date of acquisition, except for certain donated items. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Aquarium reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. At that time, the Aquarium reclassifies temporarily restricted net assets to unrestricted net assets. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

**Note 2 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.



**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

**Note 3 - WITH DONOR RESTRICTIONS NET ASSETS**

With Donor Restrictions net assets are available for the following purposes:

	2018	2017
To provide educational activities	\$ 268,233	\$ 773,983
To support the Texas State Aquarium Library	18,014	13,014
Gloria Hicks Endowment (Interest)	14,045	4,569
Hurricane Harvey Staff Relief	61,452	10,216
Texas State Aquarium Endowment (Appreciation)	780,840	1,627,789
To provide for curatorial program services	350,264	302,674
Construction of Caribbean Project	2,309,073	-
Use of Land and Building	<u>3,785,661</u>	<u>2,774,031</u>
Total	<u>\$ 7,587,582</u>	<u>\$ 5,506,276</u>

**Aquarium's Endowment**

The Aquarium's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including any funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Aquarium has interpreted the Texas Prudent Management of Institutional Funds Act (TPMIFA) 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 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 not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Aquarium in a manner consistent with the standard of prudence prescribed by TPMIFA. In accordance with TPMIFA, the Aquarium considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2)

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Aquarium, and (7) the Aquarium's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The Aquarium has adopted investment policies, approved by the Board of Trustees, for endowment assets that can be used to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds an annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Therefore, the Aquarium expects its endowment assets, over time, to produce an average rate of return. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy.* The nature of the endowment fund is that the corpus is to remain invested in perpetuity, and managed by the TSA Investment Committee, under the governance of the TSA Executive Committee. Based on the desire to increase the size of the endowment, every effort will be made to reinvest earned income until such time as the Trustees feel the endowment has reached a certain minimum level. Capital appreciation, or gain in the fund will remain as part of the fund corpus.

On an annual basis, the TSA staff and Executive Committee evaluates current needs and cash flow projections, and may make recommendations in terms of dispersal of earnings. A decision to utilize the annual earned income may be made by a majority vote of the Executive Committee. Any decision to use any of the fund in addition to a given years earned income needs the approval of the majority of the Trustees.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Endowment Net Asset Composition by Type of fund as of December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds:			
TSA Endowment Fund	\$	\$ 2,280,841	\$ 2,280,841
Gloria Hicks Endowment Fund	-	80,495	80,495
Board-designated Endowment Funds	448,648	-	448,648
Total Funds	\$ 448,648	\$ 2,361,336	\$ 2,809,984

Changes in endowment net assets as of December 31, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beg. of year	\$ 392,221	\$ 2,733,509	\$ 3,125,730
Contributions	56,427	7,500	63,927
Investment income		206,956	206,956
Investment expense		(32,670)	(32,670)
Education Programs expense		-	-
Net appreciation (depreciation)		(553,959)	(553,959)
Amounts appropriated for expenditure			-
Endowment net assets, end of year	\$ 448,648	\$ 2,361,336	\$ 2,809,984

In 2009, the Board of Trustees approved yearly 20% allocations of unrestricted donations to an Endowment fund within the category of Without Donor Restrictions. The endowment allocation for 2018 was \$56,427 and is reported as a Board-designated endowment fund within the Without Donor Restrictions category.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Endowment Net Asset Composition by Type of Fund as of December 31, 2017 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds:			
TSA Endowment Fund	\$ -	\$ 3,127,789	\$ 3,127,789
Gloria Hicks Endowment Fund	-	71,019	71,019
Board-designated Endowment Funds	427,169	-	427,169
Total Funds	\$ 427,169	\$ 3,198,808	\$ 3,625,977

Changes in endowment net assets as of December 31, 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 392,221	\$ 2,733,509	\$ 3,125,730
Contributions	34,948	-	34,948
Investment income	-	177,269	177,269
Investment expense	-	(38,820)	(38,820)
Education Programs expense	-	(1,150)	(1,150)
Net appreciation (depreciation)	-	328,000	328,000
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	\$ 427,169	\$ 3,198,808	\$ 3,625,977

In 2009, the Board of Trustees approved yearly 20% allocations of unrestricted donations to an Endowment Fund within the category of Without Donor Restrictions. The endowment allocation for 2017 was \$34,948 and is reported as a Board-designated endowment fund with the Without Donor Restricted category.

*Funds with Deficiencies.* From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or TPMIFA requires the Aquarium to retain as a fund of perpetual duration. Deficiencies of this nature are reported in Without Donor Restricted net assets. Deficiencies result from unfavorable market fluctuations. There were no deficiencies at December 31, 2018 or 2017.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

**Note 4 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes by donors as follows:

	2018	2017
Educational Activities	\$ 364,951	\$ 360,988
To support TSA Library	-	5,150
To support Staff - Hurricane Harvey Relief	-	27,030
Curatorial Program Services	17,880	356,833
Construction of Caribbean Project	-	2,035,283
Gloria Hicks Endowment	-	1,200
Texas State Aquarium Endowment (Invest. Exp.)	-	38,770
	<hr/>	<hr/>
Total	\$ 382,831	\$ 2,825,254
	<hr/>	<hr/>

**Note 5 - PROPERTY AND EQUIPMENT**

Presentation of Building

The Aquarium constructed its primary operating facility for approximately \$24.2 million. The City of Corpus Christi, Texas (the City) provided approximately \$11 million of support to the Aquarium in exchange for title to the building. In addition, the City purchased land valued at approximately \$2 million from third parties for the benefit of the Aquarium. The City will provide the facility to the Aquarium at no cost for a period of thirty years. The Aquarium is responsible for all expenses relating to operating, maintaining, and insuring the building. The Aquarium characterizes the \$13 million in support provided by the City as an unconditional promise to give the use of long-lived assets. The contribution made by the City is reported in the financial statements as land and building and amortized over thirty years with the net value treated as a temporarily restricted asset. The remaining value of the building is carried at original cost and is being depreciated over a thirty-year life.

Presentation of Certain Other Assets

On March 1, 1996, the City issued \$4,400,000 in Combination Tax and Texas State Aquarium Revenue Certificates of Obligation. In exchange for proceeds from the issue, the City assumed title to a portion of land the Mobile Aquarium, the Wildlife Rescue Center, and the Turtle Exhibit. The Aquarium leased these items from the City and agreed to repay the bond amounts issued by the City, to continue to operate the exhibits and maintain the property.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

The Aquarium characterizes the full amount of the bonds issued as a note payable to the City. The exchanged assets remain on the Aquarium's books as capital lease assets.

Presentation of Parking Facility

The Aquarium and City agreed to make Improvements to land adjoining the Aquarium to provide parking for visitors. The Aquarium agreed to repay bonds issued by the City for improvements and entered into a 5-year lease agreement to operate the parking facilities. The lease provides for annual payments of principal and interest plus fifty percent of the revenues exceeding \$400,000. The Aquarium characterized the parking lot improvements as a note payable to the City. The parking lot improvements are carried on the Aquarium's books at original cost.

The following is a summary of property and equipment as of December 31, 2018 and 2017:

	2018	2017
Land	\$ 3,566,740	\$ 3,556,740
Building	99,172,332	98,946,295
Parking Facility	1,586,744	1,586,744
Furniture and Equipment	1,299,343	1,235,941
Machinery and Tanks	3,455,682	3,373,046
Exhibits	6,901,130	6,916,030
Animals	-	112,722
Construction in Progress	86,345	104,270
Other	127,307	132,793
Total	116,195,623	115,964,580
Less Accumulated Depreciation/Amortization	49,762,866	45,429,906
Total	\$ 66,432,757	\$ 70,534,674

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Depreciation/Amortization expense is computed on a straight-line basis over the estimated useful lives or lease term of the assets amounted to \$4,650,200 and \$3,549,285 respectively, for 2018 and 2017. Useful lives/lease terms are as follows:

Land (Amortization)	30 years
Buildings	20 - 30 years
Parking Facility	19 years
Furniture and Equipment	10 years
Office Equipment	5 years
Machinery and Tanks	10 - 20 years
Exhibits	10 years
Animal and Other	5 years

**Note 6 - NOTE RECEIVABLE**

In January, 2015, FTSA entered into an agreement to lend \$6,990,000 to Twain Investment Fund 43, LLC (the "investment fund") owned by U.S. Bancorp Community Development Corporation (USBCDC), it's 100% member. The note is secured by USBCDC's equity interest in TMF Sub-CDE XXII, LLC, a community development entity which provides financing and monitoring for qualified low-income investments and related new markets tax credits ("NMTC") under Section 450 of the Internal Revenue Code of 1986, as amended. The interest rate on the note is fixed at 1.0%. Interest is payable quarterly beginning March 2016. All principal and unpaid interest is due and payable on January 31, 2045. In the year ended December 31, 2018 and 2017, interest earned amounted to \$69,900 and \$69,900, respectively. There are no payments of principal due on the note until December 2021.

**Note 7 - BRIDGE LOAN**

The Aquarium has a construction bridge loan available with The Ed Rachal Foundation of up to \$30,000,000 to provide financing for the construction, furniture, and fixtures including exhibits cost for the new Caribbean Wing construction project. As of December 31, 2018, \$19,975,936 was outstanding on this line of credit. As of December 31, 2017, \$21,287,448 was outstanding on this line of credit.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Note 8 - NOTES PAYABLE AND LONG-TERM DEBT

New Markets Tax Credits Notes Payable

In January 2015, the Aquarium, a Qualified Active Low-Income Community Business, executed secured loan agreements to borrow \$6,990,000 and \$2,910,050 from TMF Sub-COE XXII, LLC to finance the construction of a new Caribbean Wing expansion project. These loans are secured by, among other things, that certain Leasehold Deed of Trust (Security Agreement, Assignment of Rents and Leases and Financing Statement).

Under the terms of the loan agreement, each loan has an interest rate of 1.38% per annum, payable quarterly, beginning March 2016, and the principal balance is due in its entirety on the stated maturity dates. The Aquarium is not permitted to prepay any portion of the loans in whole or in part until the seventh anniversary of the loans.

The loan agreements are intended to be treated as a “qualified low-income community investment” and generate new markets tax credits for TMF Sub-COE XXII, LLC. Accordingly, in conjunction with the financing, the Aquarium entered into an indemnification agreement with USBCDC for costs incurred or valued lost as a result of a recapture event as defined in Section 45D (g) of the Internal Revenue Code of 1986, as amended.

Additionally, the FTSA entered into a put agreement (put) or fair value (call) with USBCDC to buy Twain Investment Fund 43, LLC (See Note 6 and Note 9) for \$1,000 at the end of the seven-year NMTC investment period. Should such put be exercised, FTSA would also own TMF-Sub-COE XXII, LLC and its primary assets, the secured notes from the Aquarium.



**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

A summary of the New Market Tax Credit notes payable is as follows:

	<u>2018</u>	<u>2017</u>
Note payable to TMF sub-CDE XXII, LLC, matures of January 31, 2045, with principal payments commencing in December 2021.	\$ 6,990,000	\$ 6,990,000
Note payable to TMF Sub-CDE XXII, LLC, matures on January 31, 2045, with principal payment commencing in December 2021	<u>2,910,050</u>	<u>2,910,050</u>
Total New Markets Tax Credits (NMTC) Note Payable	<u>\$ 9,900,050</u>	<u>\$ 9,900,050</u>

There are no payments of principal due on the above notes until December 2021.

**Note 9 - NEW MARKETS TAX CREDIT PROJECT**

In the fiscal year 2016, the Aquarium began construction and development of a 65,000-square foot expansion of its existing building.

In connection with the Aquarium's efforts to construct the new addition, it determined that it would be financially beneficial to participate in a New Market Tax Credit (NMTC) program.

To facilitate utilizing the NMTC program, the Aquarium organized Friends of the Texas State Aquarium (FTSA), a Texas nonprofit corporation. Both organizations are under common control, since board members of the Aquarium comprise a majority of the Board of Trustees of FTSA. In January 2016, in connection with the Aquarium's efforts to obtain supplemental financing for the construction of the new facility, FTSA partnered with U.S. Bancorp Community Development Corporation (USBCDC) to obtain additional funding for the facility.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

The NMTC program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must, in turn, be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39% of the cost of the investment and the credit is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

As part of the NMTC program, FTSA entered into an agreement on January 27, 2015 to lend \$6,990,000 to the U.S. Bancorp Community Development Corporation Twain Investment Fund 43, LLC (the "Investment Fund"). The interest rate on the note is fixed at 1.000% per annum. USB CDC made a capital contribution of \$3,315,000 to the Investment Fund as its 100% member. The Investment Fund then made an equity investment in the amount of \$10,000,000 in TMF Sub-CDE XXII, LLC (CDE), a Texas limited liability company, which is intended to qualify as a "qualified equity investment" (a QEI). On January 27, 2016, substantially all of the proceeds received by CDE were then loaned to the Aquarium in the form of two promissory notes: Note A for \$6,990,000 and Note B for \$2,910,050 (to be used for construction and development of the new addition). Both notes have a fixed rate of 1.38235% per annum.

After a seven-year period, during which tax credits are earned and paid to the investor group, FTSA can then exercise its option to purchase the Investment Fund for \$1,000. Once FTSA acquires the Investment Fund, FTSA can cancel the notes payable of \$6,990,000 and \$2,910,000 owed by the Aquarium.

**Note 10 - RETIREMENT PLAN**

The Aquarium sponsors a Section 403 (b) salary reduction retirement plan that covers all full-time employees employed on a regular basis and certain regular part-time employees. For those eligible employees who elect to contribute to the plan, the Aquarium will match 100% of the employee's contribution, up to a maximum of 5% of base earnings. Employees may contribute up to \$18,000 per year (24,000 per year if employee is age 50 or over).

The vesting plan provides for 100% vesting after one year of regular full-time or eligible regular part-time employment. The vesting schedule applies only to the matching funds contributed by the Aquarium, and not to the employees' contributions. Contributions by the Aquarium to the plan amounted to \$190,920 and \$199,782 for 2018 and 2017, respectively.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

Note 11 - LINE OF CREDIT

The Aquarium maintains a \$500,000 line-of-credit arrangement with a bank to provide for additional working capital requirements. Amounts borrowed on the line bear interest equal to the American Bank, N.A. Base Rate less 0.5%. At December 31, 2018 and 2017 no funds were drawn on the line-of-credit.

Note 12 - FAIR VALUE MEASUREMENTS

The Aquarium's assets and liabilities reported at fair value are valued using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The Aquarium uses the following hierarchical disclosure framework:

Level 1 - Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 - Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Measurement based on the Aquarium's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Aquarium uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Aquarium measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

The following tables set forth by level within the fair value hierarchy, the Aquarium's assets measured at fair value on a recurring basis as of December 31, 2018:

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

<u>INVESTMENTS</u>	2018			
	Level 1	Level 2	Level 3	Total
With Donor Restrictions:				
Cash / Money Accounts	3,421,415	-	-	3,421,415
Certificates of Deposit/Equivalent	12,000	-	-	12,000
Total Investments	3,433,415	-	-	3,433,415
With Donor Restrictions:				
Cash / Money Accounts	284,139	-	-	284,139
Stock Equities	698,641	-	-	698,641
Stock Funds	1,399,024	-	-	1,399,024
Bond Funds	323,930	-	-	323,930
Exchange Traded Funds	363,545	-	-	363,545
Total Investments	3,069,279	-	-	3,069,279

**Note 13 - ACCOUNTING PRONOUNCEMENTS**

In June 2009, The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification (ASC) and the Hierarchy of Generally Accepted Accounting Principles: a replacement of FASB Statement No. 162*. On July 1, 2009 *The Hierarchy of Generally Accepted Accounting Principles* was rendered irrelevant, and the FASB ASC became the source of authoritative U.S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. On the effective date of this statement, the ASC will supersede all then-existing non-SEC accounting and reporting standards, effective for financial statements issued for annual periods ending after September 15, 2009.

The Organization adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ["FIN48"] on January 1, 2009. Under FIN 48, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FIN 48 had no impact on the Organization's financial statements. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of FIN 48. For the years ended December 31, 2018 and 2017, there were no interest or penalties recorded or included in its consolidated financial statements.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 and 2017**

**Note 14 - SUBSEQUENT EVENTS**

The organization has evaluated subsequent events through August 2, 2019 which is the date the financial statements were available to be issued.

**Note 15 - CONCENTRATION OF CREDIT RISK**

The Aquarium, TSAABSA and FTSA maintain operating cash in four financial institutions. The balances, at times, may exceed federally insured limits. At December 31, 2018 the cash in bank balances exceeded the FDIC by \$1,076,114. At December 31, 2017, the cash in bank balances exceeded the FDIC by \$2,265,612. Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings. No losses were incurred during 2018 or 2017.

**Note 16 - LIQUIDITY**

Texas State Aquarium Association has \$12,196,885 of financial assets available within one year of the balance sheet date to meet cash needs for general expenses consisting of cash and cash equivalents of \$1,258,020; Investments of \$3,362,444 and Receivables of \$7,408,697. Most of these financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenses within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximates \$42,116. The Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. Texas State Aquarium Association has an average daily cash flow of \$45,388 generated by Admission, programs, memberships and concessions. In addition, as part of its liquidity, management of the Organization invests cash in excess of daily requirements in various short-term investments, including Money Market accounts and other short-term investments.

## **SUPPLEMENTARY INFORMATION**



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Corpus Christi, TX 78413  
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GOWLAND, STREALLY, MORALES & COMPANY, PLLC

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

Board of Directors  
Texas State Aquarium  
Corpus Christi, Texas

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 28 and 29 is presented for purposes of additional analysis and is presented to highlight certain information in the consolidated financial statements, and is not a required part of those 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 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.

Gowland, Strealy, Morales & Company, PLLC  
Certified Public Accountants

Corpus Christi, Texas  
August 2, 2019

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidating Statements of Financial Position  
December 31, 2018  
With Summarized Information at December 31, 2017

	2018			
	Texas State Aquarium	Friends of TSA	TSA Beverage Services	Elimination
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 632,182	\$ -	\$ 36,952	\$ -
Cash and Cash Equivalents - With Donor Restrictions	625,838	59,874	-	-
Investments:				
Without Donor Restrictions	3,362,440		12,500	-
Trade and Other Receivables	7,408,697		3,814	(7,052,300)
Inventories	38,175		2,826	-
Prepaid Assets	129,553		1,832	-
Total Current Assets	<u>12,196,885</u>	<u>59,874</u>	<u>57,924</u>	<u>(7,052,300)</u>
Note Receivable	-	6,990,000	-	-
Pledges Receivable, restricted to purchase of property and equipment, net	4,320,039	-	-	-
Endowment Assets				
Cash and Cash Equivalents	-	-	-	-
Investments	3,069,279	-	-	-
Total Endowment Assets	<u>3,069,279</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and Equipment	116,180,648	-	4,975	-
Less: Accumulated Depreciation	<u>(49,761,208)</u>	<u>-</u>	<u>(1,658)</u>	<u>-</u>
Total Property and Equipment, Net	<u>66,419,440</u>	<u>-</u>	<u>3,317</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 86,005,643</u>	<u>\$ 7,049,874</u>	<u>\$ 61,241</u>	<u>\$ (7,052,300)</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Accounts Payable	\$ 263,317	\$ -	\$ 25,911	\$ (25,134)
Accrued Payables	419,421	-	-	-
Deferred Income	161,642	-	-	-
Deposits	-	-	-	-
Notes Payable - Current	1,072,789	-	-	-
Total Current Liabilities	<u>1,917,169</u>	<u>-</u>	<u>25,911</u>	<u>(25,134)</u>
Long-Term Debt:				
Notes Payable	28,803,197	7,027,166	-	(7,027,166)
Total Liabilities	<u>30,720,366</u>	<u>7,027,166</u>	<u>25,911</u>	<u>(7,052,300)</u>
Net Assets:				
Without Donor Restrictions	46,302,392	-	-	-
With Donor Restrictions	8,982,885	22,708	35,330	-
Total Net Assets	<u>55,285,277</u>	<u>22,708</u>	<u>35,330</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 86,005,643</u>	<u>\$ 7,049,874</u>	<u>\$ 61,241</u>	<u>\$ (7,052,300)</u>

See Independent Auditor's Report on Supplementary Information.



2018	2017
Total	Summarized Totals
\$ 669,134	\$ 1,901,692
685,712	635,691
3,374,940	1,436,433
360,211	337,296
41,001	34,395
131,385	106,813
5,262,383	4,452,320
6,990,000	6,990,000
4,320,039	3,518,038
-	-
3,069,279	3,386,582
3,069,279	3,386,582
116,185,623	115,964,580
(49,762,866)	(45,429,906)
66,422,757	70,534,674
\$ 86,064,458	\$ 88,881,614

\$ 264,094	\$ 365,325
419,421	481,697
161,642	311,781
-	-
1,072,789	719,796
1,917,946	1,878,599
28,803,197	30,467,702
30,721,143	32,346,301
46,302,392	49,392,691
9,040,923	7,142,622
55,343,315	56,535,313
\$ 86,064,458	\$ 88,881,614

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidating Statement of Activities  
For the Year Ended December 31, 2018  
With Summarized Information for the Year Ended December 31, 2017

	2018			
	Texas State Aquarium	Friends of TSA	TSAA Beverage Services	Eliminations
<b>SUPPORT AND REVENUE</b>				
Admissions	\$ 7,985,383	\$ -	\$ -	\$ -
Gift Shop Sales	834,313	-	-	-
Programs	1,682,446	-	-	-
Gifts and Donations	348,745	-	-	-
In-Kind Donations	179,121	-	-	-
Parking	-	-	-	-
Education Programs	1,099,503	-	-	-
Memberships	1,293,932	-	-	-
Concessions	2,142,624	-	141,981	-
Vending, Rentals & Other	612,768	-	5,172	-
Investment Income	387,728	69,900	25	-
Net Unrealized Gain/(Loss) on Investments	(542,401)	-	-	-
Restricted Donations	2,839,724	-	-	(157,475)
Net Assets Released From Restrictions	-	-	-	-
Total Support and Revenue	<u>18,863,886</u>	<u>69,900</u>	<u>147,178</u>	<u>(157,475)</u>
<b>EXPENSES</b>				
Program services				
Education	1,052,215	-	-	-
Curatorial	3,354,351	-	-	-
Other Program Services	<u>8,324,703</u>	<u>-</u>	<u>87,120</u>	<u>-</u>
Total Program Services	12,731,269	-	87,120	-
Supporting Services				
Management and General	1,937,898	97,605	69,640	(157,475)
Endowment & Reserve	32,670	-	-	-
Fundraising	<u>670,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Supporting Services	2,641,204	97,605	69,640	(157,475)
Total Operating Expenses (before Depreciation & Gain/Loss)	15,372,473	97,605	156,760	(157,475)
Increase (Decrease) in Net Assets Before Depreciation & Gain/Loss	3,491,413	(27,705)	(9,582)	-
Depreciation and Amortization Expense	(4,649,702)	-	(498)	-
Net gain (loss) on Disposal of Assets	<u>4,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	(1,154,213)	(27,705)	(10,080)	-
NET ASSETS, beginning of year	<u>56,439,490</u>	<u>50,413</u>	<u>45,410</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 55,285,277</u>	<u>\$ 22,708</u>	<u>\$ 35,330</u>	<u>\$ -</u>

See Independent Auditor's Report on Supplementary Information.

<u>2018</u>		<u>2017</u>	
<u>Total</u>		<u>Summarized Totals</u>	
\$	7,985,383	\$	7,826,377
	834,313		757,336
	1,682,446		1,612,789
	348,745		416,596
	179,121		272,840
	-		1,189
	1,099,503		1,045,015
	1,293,932		1,427,401
	2,284,605		2,440,073
	617,940		453,232
	457,653		409,174
	(542,401)		326,642
	2,682,249		2,006,975
	-		-
	<u>18,923,489</u>		<u>18,995,639</u>
	1,052,215		1,070,433
	3,354,351		3,686,880
	8,411,823		8,357,104
	<u>12,818,389</u>		<u>13,114,417</u>
	1,947,668		2,116,050
	32,670		38,820
	670,636		878,761
	<u>2,650,974</u>		<u>3,033,631</u>
	15,469,363		16,148,048
	3,454,126		2,847,591
	(4,650,200)		(3,549,285)
	4,076		(3,420)
	<u>56,535,313</u>		<u>57,240,427</u>
	(1,191,998)		(705,114)
	<u>55,343,315</u>		<u>56,535,313</u>
\$	<u><u>55,343,315</u></u>	\$	<u><u>56,535,313</u></u>