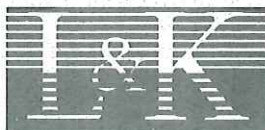


**TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 and 2014**



Lovvorn & Kieschnick
CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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Lovvorn & Kieschnick, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees of
Texas State Aquarium Association
Corpus Christi, Texas

We have audited the accompanying consolidated financial statements of Texas State Aquarium Association (a nonprofit organization) and affiliates, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the 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 the Texas State Aquarium Association and affiliates as of December 31, 2015 and 2014, 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.

Lovvorn & Kieschnick, LLP

Lovvorn & Kieschnick, LLP
Corpus Christi, Texas
November 28, 2016

TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 1)	\$1,060,788	\$9,613,423
Cash and Cash Equivalents-Temporarily Restricted (Note 1)	12,969,970	7,181,947
Investments (Note 1):		
Unrestricted	6,606,363	5,852,259
Trade and Other Receivables	161,044	225,327
Inventories (Note 1)	39,017	21,185
Prepaid Assets	203,098	336,752
Total Current Assets	<u>21,040,280</u>	<u>23,230,893</u>
Note Receivable (Note 6)	<u>6,990,000</u>	<u>-</u>
Pledges Receivable, restricted to purchase of property and equipment, net (Note 1)	<u>5,539,122</u>	<u>4,835,048</u>
Endowment Assets (Note 1):		
Cash and Cash Equivalents	302,414	767,524
Investments	2,557,320	2,137,281
Total Endowment Assets	<u>2,859,734</u>	<u>2,904,805</u>
Property and Equipment (Note 5)	71,056,920	54,964,533
Less: Accumulated Depreciation	(39,953,058)	(37,970,362)
Total Property and Equipment, Net	<u>31,103,862</u>	<u>16,994,171</u>
TOTAL ASSETS	<u><u>\$67,532,998</u></u>	<u><u>\$47,964,917</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$223,826	\$215,338
Accrued Expenses	235,151	484,159
Deferred Income	30,816	71,547
Deposits	1,837	-
Notes Payable - Current	324,130	-
Total Current Liabilities	<u>815,760</u>	<u>771,044</u>
Long-term Debt:		
Notes Payable (Note 8)	<u>9,900,000</u>	<u>324,130</u>
Total Liabilities	<u>10,715,760</u>	<u>1,095,174</u>
Net Assets:		
Unrestricted	35,011,967	19,587,638
Temporarily Restricted (Note 3)	20,238,821	25,715,655
Permanently Restricted (Note 3)	1,566,450	1,566,450
Total Net Assets	<u>56,817,238</u>	<u>46,869,743</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$67,532,998</u></u>	<u><u>\$47,964,917</u></u>

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

TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

		2015			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
SUPPORT AND REVENUE:					
Admissions		\$4,974,612	\$ -	\$ -	\$4,974,612
Gift Shop Sales		581,945	-	-	581,945
Special Event Revenue	25,000				
Less: Costs of direct benefits to donors	<u>(4,579)</u>	20,421	-	-	20,421
Programs		929,169	-	-	929,169
Parking		425,988	-	-	425,988
Education Programs		642,529	-	-	642,529
Memberships		720,124	-	-	720,124
Concessions		1,451,748	-	-	1,451,748
Other		615,070	-	-	615,070
Investment Income		78,305	116,212	-	194,517
Net Unrealized Gain/(Loss) in Investments		8	(174,431)	-	(174,423)
Restricted Donations:					
Education			190,959	-	190,959
Other			13,200,852	-	13,200,852
Net Assets Released from Restrictions (Note 4)		<u>18,810,426</u>	<u>(18,810,426)</u>	-	-
Total Support and Revenue		<u>29,250,345</u>	<u>(5,476,834)</u>	-	<u>23,773,511</u>
EXPENSES:					
Program Services:					
Education		851,379	-	-	851,379
Curatorial		2,591,429	-	-	2,591,429
Other Program Services		<u>4,747,041</u>	-	-	<u>4,747,041</u>
Total Program Services		<u>8,189,849</u>	-	-	<u>8,189,849</u>
Supporting Services:					
Management and General		1,695,555	-	-	1,695,555
Fundraising		<u>1,707,323</u>	-	-	<u>1,707,323</u>
Total Supporting Services		<u>3,402,878</u>	-	-	<u>3,402,878</u>
Total Operating Expenses (before Depreciation/Amortization)		<u>11,592,727</u>	-	-	<u>11,592,727</u>
Increase (Decrease) in Net Assets before Depreciation/Amortization		17,657,618	(5,476,834)	-	12,180,784
Depreciation and Amortization Expense (Note 5)		<u>(2,234,281)</u>	-	-	<u>(2,234,281)</u>
Net gain (loss) on Disposal of Assets		992	-	-	992
Increase (Decrease) in Net Assets		<u>15,424,329</u>	<u>(5,476,834)</u>	-	<u>9,947,495</u>
NET ASSETS, beginning of year		<u>\$19,587,638</u>	<u>\$25,715,655</u>	<u>\$1,566,450</u>	<u>\$46,869,743</u>
NET ASSETS, end of year		<u>\$35,011,967</u>	<u>\$20,238,821</u>	<u>\$1,566,450</u>	<u>\$56,817,238</u>

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

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
\$5,323,255	\$ -	\$ -	\$5,323,255
643,156	-	-	643,156
(2,500)	-	-	(2,500)
666,692	-	-	666,692
457,382	-	-	457,382
699,163	-	-	699,163
781,954	-	-	781,954
1,456,563	-	-	1,456,563
415,701	-	-	415,701
10,937	137,491	-	148,428
1,366	63,218	-	64,584
-	212,888	-	212,888
205,965	14,066,837	-	14,272,802
1,000,487	(1,000,487)	-	-
<u>\$11,660,121</u>	<u>13,479,947</u>	<u>-</u>	<u>25,140,068</u>
927,723	-	-	927,723
1,789,283	-	-	1,789,283
4,719,305	-	-	4,719,305
<u>7,436,311</u>	<u>-</u>	<u>-</u>	<u>7,436,311</u>
1,712,074	-	-	1,712,074
601,015	-	-	601,015
<u>2,313,089</u>	<u>-</u>	<u>-</u>	<u>2,313,089</u>
9,749,400	-	-	9,749,400
1,910,721	13,479,947	-	15,390,668
(2,119,880)	-	-	(2,119,880)
(81,483)	-	-	(81,483)
<u>(290,642)</u>	<u>13,479,947</u>	<u>-</u>	<u>13,189,305</u>
19,878,280	12,235,708	1,566,450	33,680,438
<u>\$19,587,638</u>	<u>\$25,715,655</u>	<u>\$1,566,450</u>	<u>\$46,869,743</u>

TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$9,947,495	\$13,189,305
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities		
Investment Income Restricted For Endowment	(115,799)	(130,944)
Noncash Contribution Revenue - Donated Services	(49,635)	(50,314)
Depreciation/Amortization	2,234,281	2,119,880
Contributions Temporarily Restricted	(13,391,811)	(14,279,725)
Net Unrealized (Gain)/Loss on Investments	174,423	(64,584)
Net (Gain)/Loss on Disposal of Assets	(992)	81,483
(Increase) Decrease in Operating Assets		
Pledge and Other Receivables, net	(639,791)	(2,501,360)
Other Current Assets	115,822	(175,445)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	(238,683)	(628,096)
Deferred Income	(40,731)	27,907
Net Cash (Used In) Operating Activities	<u>(2,005,421)</u>	<u>(2,411,893)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances of Notes Receivable	(6,990,000)	-
Proceeds From Notes Payable	9,900,000	-
Transfer to Endowment Assets	(42,921)	(20,272)
Proceeds from Sale of Investments	1,640,173	649,099
Purchase of Investments	(1,221,185)	(1,727,268)
Capital Expenditures	<u>(17,437,069)</u>	<u>(2,328,717)</u>
Net Cash (Used In) Investing Activities	<u>(14,151,002)</u>	<u>(3,427,158)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Temporarily Restricted	13,391,811	14,279,725
Repayments of Debt	<u>-</u>	<u>(606,992)</u>
Net Cash Provided by Financing Activities	<u>13,391,811</u>	<u>13,672,733</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,764,612)	7,833,682
Cash and Cash Equivalents, beginning of year	<u>16,795,370</u>	<u>8,961,688</u>
Cash and Cash Equivalents, end of year	<u><u>\$14,030,758</u></u>	<u><u>\$16,795,370</u></u>
Supplemental Data:		
Interest paid	\$141,487	\$23,273

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

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

NOTE 1 - NATURE OF ACTIVITIES AND 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. TSAAB 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, 2015 and 2014, include the accounts of The Aquarium, the TSAABSA and FTSA (collectively, "the Aquarium"). All significant inter-organizational transactions and balances have been eliminated.

Basis of Presentation

The Aquarium reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Aquarium is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Aquarium.

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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, 2015 and 2014, there were no material uncertain tax positions.

Cash and Cash Equivalents

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

The Aquarium, TSAABSA and FTSA maintain operating cash in four financial institutions. At December 31, 2015 the cash in bank balances exceeded the FDIC by \$17,250,341. At December 31, 2014, the cash in bank balances exceeded the FDIC by \$15,464,720. Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings. No losses were incurred during 2015 or 2014.

Investments

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

	2015	2014
Unrestricted		
Cash / Money Accounts	1,589,034	2,392,438
Certificates of Deposit/ Equivalents	5,017,329	3,459,821
	<u>6,606,363</u>	<u>5,852,259</u>
Endowment Assets		
Cash / Money Accounts	302,414	767,524
Stock Equities	667,575	292,718
Stock Funds	1,629,155	1,574,771
Bond Funds	260,590	269,792
Total	<u>2,859,734</u>	<u>2,904,805</u>

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the 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 temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted 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.

Unconditional promises to give as of December 31, 2015 and 2014 are due as follows:

	2015	2014
Pledges receivable	5,828,269	5,107,350
Less: Allowance for Uncollectible Promises Receivable	(58,283)	(36,472)
Unamortized discount	(230,864)	(235,830)
 Total Unconditional Promises to Give, Net	 <u>5,539,122</u>	 <u>4,835,048</u>
 Amounts due in:		
Less than one year	1,777,182	1,229,618
One to four years, net of discount	3,761,940	3,605,430
 Total Unconditional Promises to Give, Net	 <u>5,539,122</u>	 <u>4,835,048</u>

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

Unconditional promises to give receivable due in more than one year are discounted at 2.5% for 2015 and 2.5% for 2014.

Use of Facilities Promises to Give:	Less than One Year	One to Five Years	More than Five Years
Use of Facilities (classified as land and building)	425,595	1,560,517	0

Note Receivable

The note receivable, totaling \$6,990,000 as of December 31, 2015, 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 (see note 6).

Contributed Services

The Aquarium received an estimated 24,421 hours of donated services during the year ended December 31, 2015 and 20,241 hours during the year ended December 31, 2014. 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, 2015 and 2014, the Aquarium recognized \$49,635 and \$50,314 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.

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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.

Reclassification

Certain reclassifications have been made to the December 31, 2014 financial statements to conform with the December 31, 2015 financial statement presentation.

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.

NOTE 3 - RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2015	2014
To provide educational activities	680,036	657,920
To support the Texas State Aquarium Library	5,664	5,514
Gloria Hicks Endowment (Interest)	6,629	7,679
Texas State Aquarium Endowment (Appreciation)	914,782	1,001,724
To provide for curatorial program services	95,976	75,682
Construction of Caribbean project	16,549,622	21,555,430
Use of Land and Building	1,986,112	2,411,706
Total	<u>20,238,821</u>	<u>25,715,655</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

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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) 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

Endowment Net Asset Composition by Type of Fund as of December 31, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds:				
TSA Endowment Fund	-	914,782	1,500,000	2,415,078
Gloria Hicks Endowment Fund	-	6,629	66,450	73,079
Board-designated Endowment Funds	371,873	-	-	371,873
Total Funds	<u>371,873</u>	<u>921,411</u>	<u>1,566,450</u>	<u>2,859,734</u>

Changes in endowment net assets as of December 31, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	328,952	1,009,403	1,566,450	2,904,805
Contributions	42,921	-	-	42,921
Investment income	-	115,799	-	115,799
Investment expense	-	(28,052)	-	(28,052)
Net appreciation (depreciation)	-	(174,727)	-	(174,727)
Amounts appropriated for expenditure	-	(1,012)	-	(1,012)
Endowment net assets, end of year	<u>371,873</u>	<u>921,411</u>	<u>1,566,450</u>	<u>2,859,734</u>

In 2009, the Board of Trustees approved yearly 20% allocations of unrestricted donations to an Endowment Fund. The endowment allocation for 2015 was \$42,921 and is reported as a Board-designated endowment fund.

Endowment Net Asset Composition by Type of Fund as of December 31, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds:				
TSA Endowment Fund	-	1,001,724	1,500,000	2,501,724
Gloria Hicks Endowment Fund	-	7,679	66,450	74,129
Board- designated Endowment Funds	328,952	-	-	328,952
Total Funds	<u>328,952</u>	<u>1,009,403</u>	<u>1,566,450</u>	<u>2,904,805</u>

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

Changes in endowment net assets as of December 31, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	308,680	844,721	1,566,450	2,719,851
Contributions	20,272	-	-	20,272
Investment income	-	130,944	-	130,944
Investment expense	-	(26,734)	-	(26,734)
Net appreciation (depreciation)	-	61,346	-	61,346
Amounts appropriated for expenditure	-	(874)	-	(874)
Endowment net assets, end of year	<u>328,952</u>	<u>1,009,403</u>	<u>1,566,450</u>	<u>2,904,805</u>

In 2009, the Board of Trustees approved yearly 20% allocations of unrestricted donations to an Endowment Fund. The endowment allocation for 2014 was \$20,272 and is reported as a Board-designated endowment fund.

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 unrestricted net assets. Deficiencies result from unfavorable market fluctuations. There were no deficiencies at December 31, 2015 or 2014.

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:

	2015	2014
Educational Activities	168,693	75,258
For Curatorial Program Services	1,311,803	472,026
Construction of Caribbean project	16,875,271	-
Gloria Hicks Endowment	1,062	874
Texas State Aquarium Endowment (Investment Expense)	28,002	26,734
Use of Land and Building	<u>425,595</u>	<u>425,595</u>
Total	<u>18,810,426</u>	<u>1,000,487</u>

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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 Sea Lab property, 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.

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.

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

The following is a summary of property and equipment as of December 31, 2015 and 2014:

	2015	2014
Land	3,368,241	3,368,241
Building	39,573,092	38,512,288
Parking Facility	1,521,744	1,521,744
Furniture and Equipment	833,831	807,510
Machinery and Tanks	2,381,876	2,233,867
Exhibits	6,501,327	6,302,163
Animals	112,722	112,722
Construction in Progress	16,636,271	1,978,182
Other	127,816	127,816
Total	71,056,920	54,964,533
Less Accumulated Depreciation/Amortization	39,953,058	37,970,362
Total	31,103,862	16,994,171

Depreciation/Amortization expense is computed on a straight-line basis over the estimated useful lives or lease term of the assets and amount to \$2,234,115 and \$2,119,880 respectively, for 2015 and 2014. 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

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

monitoring for qualified low income investments and related new markets tax credits ("NMTC") under Section 45D of the Internal Revenue Code of 1986, as amended. See Note 8 and Note 9.

The interest rate on the note is fixed at 1.0%. Interest is payable quarterly beginning March 2015. All principal and unpaid interest is due and payable on January 31, 2045. In the year ended December 31, 2015, interest earned amounted to \$65,046. 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, 2015 and 2014, no amounts have been drawn or are outstanding on this loan.

NOTE 8 - NOTES PAYABLE AND LONG-TERM DEBT

Note Payable—City of Corpus Christi

	2015	2014
Note payable to City of Corpus Christi, due March 1, 2016		
bearing interest rate of 3.00 percent	324,130	324,130
Current portion	324,130	-
Long-term portion	-	324,130

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 \$2,910,000 from TMF Sub – CDE 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 1.38235% per annum, payable quarterly, beginning March 2015, 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 – CDE XXII, LLC. Accordingly, in conjunction with the financing, the Aquarium entered into an indemnification agreement with USBCDC for costs incurred or value lost as a result of a recapture event as defined in Section 45D(g) of the Internal Revenue Code of 1986, as amended.

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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-CDE XXII, LLC and its primary assets, the secured notes from the Aquarium.

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

	<u>2015</u>	<u>2014</u>
Note payable to TMF Sub-CDE XXII, LLC, matures on January 31, 2045, with principal payments commencing in December 2021. (see Note 6)	6,990,000	-
Note payable to TMF Sub-CDE XXII, LLC, matures on January 31, 2045, with principal payments commencing in December 2021.	<u>2,910,000</u>	<u>-</u>
Total New Markets Tax Credits (NMTC) Note Payable	<u>9,900,000</u>	<u>-</u>

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

NOTE 9 – NEW MARKETS TAX CREDIT PROJECT

In FYE 2015, 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 2015, 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.

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

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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. USBCDC 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, 2015, 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 \$2,910,000 (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 \$157,226 and \$138,297 for 2015 and 2014, respectively.

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, 2015 and 2014 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

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

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, 2015 and 2014:

	2015			
	Level 1	Level 2	Level 3	Total
<u>INVESTMENTS</u>				
Unrestricted Investments:				
Cash / Money Accounts	1,589,034			1,589,034
Certificates of Deposit/Equivalent	5,017,329	-	-	5,017,329
Total Investments	6,606,363	-	-	6,606,363
Endowment Investments:				
Cash / Money Accounts	302,414			302,414
Stock Equities	667,575	-	-	667,575
Stock Funds	1,629,155	-	-	1,629,155
Bond Funds	260,590	-	-	260,590
Total Investments	2,859,734	-	-	2,859,734

TEXAS STATE AQUARIUM ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	2014			
	Level 1	Level 2	Level 3	Level 4
<u>INVESTMENTS</u>				
Unrestricted Investments:				
Cash / Money Accounts	2,392,438	-	-	2,392,438
Certificates of Deposit/Equivalent	3,459,821	-	-	3,459,821
Total Investments	5,852,259	-	-	5,852,259
Endowment Investments:				
Cash / Money Accounts	767,524	-	-	767,524
Stock Equities	292,718	-	-	292,718
Stock Funds	1,574,771	-	-	1,574,771
Bond Funds	269,792	-	-	269,792
Total Investments	2,904,805	-	-	2,904,805

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 28, 2016, the date which the financial statement were available to be issued.

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SUPPLEMENTARY INFORMATION

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Lovvorn & Kieschnick, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Supplementary Information

To the Board of Trustees
Texas State Aquarium Association
Corpus Christi, Texas

Members of the Board:

Our audits of the consolidated financial statements included on the preceding section of this report were conducted for the purposes of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis, and the information appearing on pages 23-26 is presented to highlight certain information in the consolidated financial statements; it 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 and other accounting records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

Lovvorn & Kieschnick, LLP

Lovvorn & Kieschnick, LLP
Corpus Christi, Texas
November 28, 2016

TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2015

	Texas State Aquarium	Friends of TSA	TSAA Beverage Services	Elimination	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,029,358	\$ 245	\$ 31,185	\$ -	\$ 1,060,788
Cash and Cash Equivalents-Temporarily Restricted	12,585,184	372,286	12,500	-	12,969,970
Investments					
Unrestricted	6,606,363	-	-	-	6,606,363
Trade and Other Receivables	7,510,434	-	-	(7,349,390)	161,044
Inventories	35,956	-	3,061	-	39,017
Prepaid Assets	203,098	-	-	-	203,098
Total Current Assets	<u>27,970,393</u>	<u>372,531</u>	<u>46,746</u>	<u>(7,349,390)</u>	<u>21,040,280</u>
Note Receivable	-	6,990,000	-	-	6,990,000
Pledges Receivable, restricted to purchase of property and equipment, net	<u>5,539,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,539,122</u>
Endowment Assets					
Cash and Cash Equivalents	302,414	-	-	-	302,414
Investments	2,557,320	-	-	-	2,557,320
Total Endowment Assets	<u>2,859,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,859,734</u>
Property and Equipment	71,051,945	-	4,975	-	71,056,920
Less: Accumulated Depreciation	(39,952,892)	-	(166)	-	(39,953,058)
Total Property and Equipment, Net	<u>31,099,053</u>	<u>-</u>	<u>4,809</u>	<u>-</u>	<u>31,103,862</u>
TOTAL ASSETS	<u>\$ 67,468,302</u>	<u>\$ 7,362,531</u>	<u>\$ 51,555</u>	<u>\$ (7,349,390)</u>	<u>\$ 67,532,998</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts Payable	\$ 222,830	\$ -	\$ 51,541	\$ (50,545)	\$ 223,826
Accrued Expenses	235,151	-	-	-	235,151
Deferred Income	30,816	-	-	-	30,816
Deposits	-	-	1,837	-	1,837
Notes Payable - Current	324,130	-	-	-	324,130
Loan From Aquarium - NMTC	-	7,298,845	-	(7,298,845)	-
Total Current Liabilities	<u>812,927</u>	<u>7,298,845</u>	<u>53,378</u>	<u>(7,349,390)</u>	<u>815,760</u>
Long-term Debt:					
Notes Payables	9,900,000	-	-	-	9,900,000
Total Liabilities	<u>10,712,927</u>	<u>7,298,845</u>	<u>53,378</u>	<u>(7,349,390)</u>	<u>10,715,760</u>
Net Assets:					
Unrestricted	34,950,104	63,686	(1,823)	-	35,011,967
Temporarily Restricted	20,238,821	-	-	-	20,238,821
Permanently Restricted	1,566,450	-	-	-	1,566,450
Total Net Assets	<u>56,755,375</u>	<u>63,686</u>	<u>(1,823)</u>	<u>-</u>	<u>56,817,238</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 67,468,302</u>	<u>\$ 7,362,531</u>	<u>\$ 51,555</u>	<u>\$ (7,349,390)</u>	<u>\$ 67,532,998</u>

See Independent Auditor's Report on Supplementary Information.

TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2014

	Texas State Aquarium	Friends of TSA	Elimination	Total
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,611,963	\$ 8,001,460	\$ -	\$ 9,613,423
Cash and Cash Equivalents-Temporarily Restricted	7,181,947	-	-	7,181,947
Investments				
Unrestricted	5,852,259	-	-	5,852,259
Trade and Other Receivables	8,227,677	-	(8,002,350)	225,327
Inventories	21,185	-	-	21,185
Prepaid Assets	336,752	-	-	336,752
Total Current Assets	<u>23,231,783</u>	<u>8,001,460</u>	<u>(8,002,350)</u>	<u>23,230,893</u>
Pledges Receivable, restricted to purchase of property and equipment, net	<u>4,835,048</u>	<u>-</u>	<u>-</u>	<u>4,835,048</u>
Endowment Assets				
Cash and Cash Equivalents	767,524	-	-	767,524
Investments	2,137,281	-	-	2,137,281
Total Endowment Assets	<u>2,904,805</u>	<u>-</u>	<u>-</u>	<u>2,904,805</u>
Property and Equipment	54,964,533	-	-	54,964,533
Less: Accumulated Depreciation	<u>(37,970,362)</u>	<u>-</u>	<u>-</u>	<u>(37,970,362)</u>
Total Property and Equipment, Net	<u>16,994,171</u>	<u>-</u>	<u>-</u>	<u>16,994,171</u>
TOTAL ASSETS	<u>\$47,965,807</u>	<u>\$ 8,001,460</u>	<u>\$(8,002,350)</u>	<u>\$47,964,917</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 215,338	\$ -	\$ -	\$ 215,338
Accrued Expenses	484,159	-	-	484,159
Deferred Income	71,547	-	-	71,547
Loan From Aquarium - NMTC	-	8,002,350	(8,002,350)	-
Total Current Liabilities	<u>771,044</u>	<u>8,002,350</u>	<u>(8,002,350)</u>	<u>771,044</u>
Long-term Debt:				
Notes Payable	324,130	-	-	324,130
Total Liabilities	<u>1,095,174</u>	<u>8,002,350</u>	<u>(8,002,350)</u>	<u>1,095,174</u>
Net Assets:				
Unrestricted	19,588,528	(890)	-	19,587,638
Temporarily Restricted	25,715,655	-	-	25,715,655
Permanently Restricted	1,566,450	-	-	1,566,450
Total Net Assets	<u>46,870,633</u>	<u>(890)</u>	<u>-</u>	<u>46,869,743</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$47,965,807</u>	<u>\$ 8,001,460</u>	<u>\$(8,002,350)</u>	<u>\$47,964,917</u>

See Independent Auditor's Report on Supplementary Information.

TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Texas State Aquarium	Friends of TSA	TSA Beverage Services	Eliminations	Total
SUPPORT AND REVENUE:					
Admissions	\$4,974,612	\$ -	-	\$ -	\$4,974,612
Gift Shop Sales	581,945	-	-	-	581,945
Special Event Revenue	25,000				
Less: Costs of direct benefits to donors	(4,579)	20,421	-	-	20,421
Programs	929,169	-	-	-	929,169
Parking	425,988	-	-	-	425,988
Education Programs	642,529	-	-	-	642,529
Memberships	720,124	-	-	-	720,124
Concession	1,398,568	-	53,180	-	1,451,748
Other	614,440	-	630	-	615,070
Investment Income	129,471	65,046	-	-	194,517
Net Unrealized Gain/(Loss) in Investments	(174,423)	-	-	-	(174,423)
Restricted Donations:					
Education	190,959	-	-	-	190,959
Other	13,200,852	-	-	-	13,200,852
Net Assets Released from Restrictions (Note 4)	-	-	-	-	-
Total Support and Revenue	<u>\$23,654,655</u>	<u>65,046</u>	<u>53,810</u>	<u>-</u>	<u>\$23,773,511</u>
EXPENSES:					
Program Services:					
Education	851,379	-	-	-	851,379
Curatorial	2,591,429	-	-	-	2,591,429
Other Program Services	4,747,041	-	-	-	4,747,041
Total Program Services	<u>8,189,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,189,849</u>
Supporting Services:					
Management and General	1,639,618	470	55,467	-	1,695,555
Fundraising	1,707,323	-	-	-	1,707,323
Total Supporting Services	<u>3,346,941</u>	<u>470</u>	<u>55,467</u>	<u>-</u>	<u>3,402,878</u>
Total Operating Expenses (before Depreciation/Amortization)	<u>11,536,790</u>	<u>470</u>	<u>55,467</u>	<u>-</u>	<u>11,592,727</u>
Increase (Decrease) in Net Assets before Depreciation/Amortization	12,117,865	64,576	(1,657)	-	12,180,784
Depreciation and Amortization Expense (Note 5)	(2,234,115)	-	(166)	-	(2,234,281)
Net gain (loss) on Disposal of Assets	992	-	-	-	992
Increase (Decrease) in Net Assets	<u>9,884,742</u>	<u>64,576</u>	<u>(1,823)</u>	<u>-</u>	<u>9,947,495</u>
NET ASSETS, beginning of year	<u>46,870,633</u>	<u>(890)</u>	<u>-</u>	<u>-</u>	<u>46,869,743</u>
NET ASSETS, end of year	<u>\$56,755,375</u>	<u>\$ 63,686</u>	<u>\$ (1,823)</u>	<u>\$ -</u>	<u>\$56,817,238</u>

See Independent Auditor's Report on Supplementary Information.

TEXAS STATE AQUARIUM ASSOCIATION
CONSOLIDATING STATEMENT OF ACTIVITIES

	Texas State Aquarium Year Ended December 31, 2014	Friends of TSA 1 Month Ended December 31, 2014	Eliminations	Total
SUPPORT AND REVENUE:				
Admissions	\$5,323,255	\$ -	\$ -	\$5,323,255
Gift Shop Sales	643,156	-	-	643,156
Special Event Revenue	-	-	-	-
Less: Costs of direct benefits to donors	(2,500)	-	-	(2,500)
Programs	666,692	-	-	666,692
Parking	457,382	-	-	457,382
Education Programs	699,163	-	-	699,163
Memberships	781,954	-	-	781,954
Concession	1,456,563	-	-	1,456,563
Other	415,701	-	-	415,701
Investment Income	148,428	-	-	148,428
Net Unrealized Gain/(Loss) in Investments	64,584	-	-	64,584
Restricted Donations:				
Education	212,888	-	-	212,888
Other	14,272,802	-	-	14,272,802
Net Assets Released from Restrictions (Note 4)	-	-	-	-
Total Support and Revenue	<u>\$25,140,068</u>	<u>-</u>	<u>-</u>	<u>\$25,140,068</u>
EXPENSES:				
Program Services:				
Education	927,723	-	-	927,723
Curatorial	1,789,283	-	-	1,789,283
Other Program Services	4,719,305	-	-	4,719,305
Total Program Services	<u>7,436,311</u>	<u>-</u>	<u>-</u>	<u>7,436,311</u>
Supporting Services:				
Management and General	1,711,184	890	-	1,712,074
Fundraising	601,015	-	-	601,015
Total Supporting Services	<u>2,312,199</u>	<u>890</u>	<u>-</u>	<u>2,313,089</u>
Total Operating Expenses (before Depreciation/Amortization)	<u>9,748,510</u>	<u>890</u>	<u>-</u>	<u>9,749,400</u>
Increase (Decrease) in Net Assets before Depreciation/Amortization	15,391,558	(890)	-	15,390,668
Depreciation and Amortization Expense (Note 5)	(2,119,880)	-	-	(2,119,880)
Net gain (loss) on Disposal of Assets	(81,483)	-	-	(81,483)
Increase (Decrease) in Net Assets	<u>13,190,195</u>	<u>(890)</u>	<u>-</u>	<u>13,189,305</u>
NET ASSETS, beginning of year	<u>33,680,438</u>	<u>-</u>	<u>-</u>	<u>33,680,438</u>
NET ASSETS, end of year	<u>\$46,870,633</u>	<u>\$ (890)</u>	<u>\$ -</u>	<u>\$46,869,743</u>

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