

**Texas State Aquarium  
Association**

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

**For the Years Ended  
December 31, 2017 and 2016**



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

**Certified Public Accountants**

# TABLE OF CONTENTS

	<u>PAGE NO.</u>
Certificate of Board of Directors	1
Independent Auditors' Report	2-3
<b><u>FINANCIAL SECTION</u></b>	
Financial Statements:	
Consolidated Statements of Financial Position	4-5
Consolidated Statements of Activities	6
Consolidated Statements of Cash Flows	7
Notes to Financial Statements	8-24
<b><u>SUPPLEMENTARY SECTION</u></b>	
Independent Auditor's Report on Supplementary Information	25
Consolidating Statements of Financial Position	26
Consolidating Statements of Activities	27

**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, 2017 from Gowland, Streal, Morales & Company, A Professional Limited Liability Company, was reviewed and \_\_\_\_\_ approved / \_\_\_\_\_ disapproved at a meeting of the Finance Committee held on the \_\_\_\_ day of \_\_\_\_\_, 2018.

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

\_\_\_\_\_  
Date



5934 S. Staples St. Ste. 201  
Corpus Christi, TX 78413  
Telephone: (361) 993-1000  
Fax: (361) 991-2880

**GOWLAND, STREALLY, MORALES & COMPANY, PLLC**  
Certified Public Accountants

---

## **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, 2017 and 2016, 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, 2017 and 2016, 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.

A handwritten signature in blue ink that reads "Gowland, Streaty, Morales & Co., PLLC". The signature is written in a cursive, flowing style.

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

Corpus Christi, Texas  
September 25, 2018

**FINANCIAL SECTION**

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidated Statements of Financial Position  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,901,692	\$ 1,094,444
Cash and Cash Equivalents-Temporarily Restricted	635,691	3,069,968
Investments:		
Unrestricted	1,436,433	1,684,506
Trade and Other Receivables	337,296	245,481
Inventories	34,395	30,607
Prepaid Assets	106,813	146,413
Total Current Assets	4,452,320	6,271,419
Note Receivable	6,990,000	6,990,000
Pledges Receivable, restricted to purchase of property and equipment, net	3,518,038	4,812,166
Endowment Assets		
Cash and Cash Equivalents	-	36,153
Investments	3,386,582	2,884,052
Total Endowment Assets	3,386,582	2,920,205
Property and Equipment	115,964,580	103,743,990
Less: Accumulated Depreciation	(45,429,906)	(42,000,857)
Total Property and Equipment, Net	70,534,674	61,743,133
<b>TOTAL ASSETS</b>	<b>\$ 88,881,614</b>	<b>\$ 82,736,923</b>

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

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidated Statements of Financial Position  
December 31, 2017 and 2016

	2017	2016
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 365,325	\$ 310,807
Accrued Payables	481,697	4,610,247
Deferred Income	311,781	35,712
Notes Payable - Current	719,796	10,639,680
Total Current Liabilities	1,878,599	15,596,446
Long-Term Debt:		
Notes Payable	30,467,702	9,900,050
Total Liabilities	32,346,301	25,496,496
Net Assets:		
Unrestricted	49,392,691	49,752,965
Temporarily Restricted	5,576,172	5,921,012
Permanently Restricted	1,566,450	1,566,450
Total Net Assets	56,535,313	57,240,427
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 88,881,614</b>	<b>\$ 82,736,923</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, 2017  
With Summarized Information for the Year Ended December 31, 2016

	2017			Totals	2016
	Unrestricted	Temporarily Restricted	Permanently Restricted		Summarized Totals
<b>SUPPORT AND REVENUE</b>					
Admissions	\$ 7,826,377		\$	\$ 7,826,377	\$ 5,633,707
Gift Shop Sales	757,336			757,336	616,463
Programs	1,612,789			1,612,789	1,300,035
Gifts and Donations	416,596			416,596	304,643
In-Kind Donations	195,943	76,897		272,840	213,749
Parking	1,189			1,189	473,125
Education Programs	1,045,015			1,045,015	825,730
Memberships	1,427,401			1,427,401	876,125
Concessions	2,440,073			2,440,073	1,674,545
Vending, Rentals & Other	453,232			453,232	258,031
Investment Income	339,274	69,900		409,174	217,195
Net Unrealized Gain/(Loss) in Investments	-	326,642		326,642	147,876
Restricted Donations		2,006,975		2,006,975	3,149,550
Net Assets Released From Restrictions	2,825,254	(2,825,254)		-	-
Total Support and Revenue	<u>19,340,479</u>	<u>(344,840)</u>	<u>0</u>	<u>18,995,639</u>	<u>15,690,774</u>
<b>EXPENSES</b>					
Program services					
Education	1,070,433	-	-	1,070,433	890,906
Curatorial	3,686,880	-	-	3,686,880	3,438,963
Other Program Services	8,357,104	-	-	8,357,104	5,415,421
Total Program Services	<u>13,114,417</u>	<u>-</u>	<u>-</u>	<u>13,114,417</u>	<u>9,745,290</u>
Supporting Services					
Management and General	2,116,050	-	-	2,116,050	2,027,204
Endowment & Reserve	38,820	-	-	38,820	-
Fundraising	878,761	-	-	878,761	1,148,395
Total Supporting Services	<u>3,033,631</u>	<u>-</u>	<u>-</u>	<u>3,033,631</u>	<u>3,175,599</u>
Total Operating Expenses (before Depreciation & Gains/Losses)	<u>16,148,048</u>	<u>-</u>	<u>-</u>	<u>16,148,048</u>	<u>12,920,889</u>
Increase (Decrease) in Net Assets Before Depreciation & Gains/Losses	3,192,431	(344,840)	-	2,847,591	2,769,885
Depreciation Expense	(3,549,285)	-	-	(3,549,285)	(2,294,663)
Net gain (loss) on Disposal of Assets	(3,420)	-	-	(3,420)	(52,033)
Increase (Decrease) in Net Assets	(360,274)	(344,840)	-	(705,114)	423,189
NET ASSETS, beginning of year	<u>49,752,965</u>	<u>5,921,012</u>	<u>1,566,450</u>	<u>57,240,427</u>	<u>56,817,238</u>
NET ASSETS, end of year	<u>\$ 49,392,691</u>	<u>\$ 5,576,172</u>	<u>\$ 1,566,450</u>	<u>\$ 56,535,313</u>	<u>\$ 57,240,427</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, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities:		
Net Increase (Decrease) in Total Net Assets	\$ (705,114)	\$ 423,189
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	3,548,787	2,294,165
Net Unrealized (Gain)/Loss on Investments	326,642	147,876
Net (Gain)/Loss on Disposal of Assets	0	59,783
Changes in Operating Assets & Liabilities:		
(Increase) Decrease in:		
Pledge and Other Receivables	1,202,313	642,519
Inventory	(3,788)	8,410
Other Current Assets	39,600	56,685
Increase (Decrease) in:		
Accounts Payable and Accrued	(4,074,032)	4,462,077
Deferred Income	276,069	4,896
Deposits	0	(1,837)
Net Cash Provided (Used) by operating activities	610,477	8,097,763
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	284,226	4,921,857
Purchase of Investments	(829,172)	(208,347)
Capital Expenditures	(12,340,328)	(32,993,219)
Net cash provided (used) by investing activities	(12,885,274)	(28,279,709)
Cash Flows from financing activities:		
Proceeds from incurrence of Long Term Debt	11,024,270	10,639,680
Principal Payments on Debt	(376,502)	(324,080)
Net cash provided (used) in financing activities	10,647,768	10,315,600
Net increase (decrease) in cash	(1,627,029)	(9,866,346)
Cash and Cash Equivalents - Beginning of Year	4,164,412	14,030,758
Cash and Cash Equivalents - End of Year	\$ 2,537,383	\$ 4,164,412
Supplemental Data:		
Interest Paid	\$ 682,666	\$ 234,923

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

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

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. TSAA 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, 2017 and 2016, 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

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Aquarium.

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.

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, 2017 and 2016 was \$915,889 and \$573,651, 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, 2017 and 2016, 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, 2017 and 2016**

Investments

Investments are carried at fair value, which is based on quoted market prices at December 31, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
<b>Unrestricted</b>		
Cash/Money Accounts	\$ 1,423,933	\$ 1,672,006
Certificates of Deposit/ Equivalents	12,500	12,500
	<u>\$ 1,436,433</u>	<u>\$ 1,684,506</u>
<b>Endowment Assets</b>		
Cash/ Money Accounts	\$ 130,012	\$ 510,481
Stock Equities	745,004	785,810
Stock Funds	1,501,547	1,357,353
Bond Funds	337,445	266,561
Exchange Traded Funds	672,574	-
Total	<u>\$ 3,386,582</u>	<u>\$ 2,920,205</u>

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.

**TEXAS STATE AQUARIUM ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016**

Unconditional promises to give as of December 31, 2017 and 2016 are due as follows:

	2017	2016
Pledges receivable	\$ 3,703,198	\$ 5,065,437
Less: Allowance for Uncollectible		
Promises Receivable	(37,032)	(50,654)
Unamortized discount	(148,128)	(202,617)
 Total Unconditional Promises to Give, Net	 <u>\$ 3,518,038</u>	 <u>\$ 4,812,166</u>
 Amounts due in:		
Less than one year	\$ 1,255,497	\$ 1,581,392
One to four years, net of discount	2,262,541	3,230,774
 Total Unconditional Promises to Give, Net	 <u>\$ 3,518,038</u>	 <u>\$ 4,812,166</u>

Unconditional promises to give receivable due in more than one year are discounted at 2.5% for 2017 and 2.5% for 2016.

Note Receivable

The note receivable, totaling \$6,990,000 as of December 31, 2017 and 2016, 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.

Contributed Services

The Aquarium received an estimated 38,877 hours of donated services during the year ended December 31, 2017 and 31,345 hours during the year ended December 31, 2016. 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, 2017 and 2016, the Aquarium recognized \$160,660 and \$111,620 respectively,

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

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.

**Note 3 - RESTRICTED NET ASSETS**

Temporary restricted net assets are available for the following purposes:

**TEXAS STATE AQUARIUM ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016**

	2017	2016
To provide educational activities	\$ 773,983	\$ 621,035
To support the Texas State Aquarium Library	13,014	7,864
Gloria Hicks Endowment (Interest)	4,569	5,647
Hurricane Harvey Staff Relief	10,216	-
Texas State Aquarium Endowment (Appreciation)	1,627,789	1,161,412
To provide for curatorial program services	302,674	(1,573,870)
Construction of Caribbean Project	-	5,746,759
Use of Land and Building	<u>2,774,031</u>	<u>(344,360)</u>
 Total	 <u>\$ 5,506,276</u>	 <u>\$ 5,624,487</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) 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.



**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

*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.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds:				
TSA Endowment Fund	-	1,627,789	1,500,000	3,127,789
Gloria Hicks Endowment Fund	-	4,569	66,450	71,019
Board-designated Endowment Funds	427,169	-	-	427,169
Total Funds	427,169	1,632,358	1,566,450	3,625,977

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beg. of year	\$ 392,221	\$ 1,167,059	\$ 1,566,450	\$ 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	<u>\$ 427,169</u>	<u>\$ 1,632,358</u>	<u>\$ 1,566,450</u>	<u>\$ 3,625,977</u>

In 2009, the Board of Trustees approved yearly 20% allocations of unrestricted donations to an Endowment fund. The endowment allocation for 2017 was \$34,948 and is reported as a Board-designated endowment fund.

Endowment Net Asset Composition by Type of Fund as of December 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds:				
TSA Endowment Fund	\$ -	\$ 1,161,412	\$ 1,500,000	\$ 2,661,412
Gloria Hicks Endowment Fund	-	5,647	66,450	72,097
Board-designated Endowment Funds	392,221	-	-	392,221
Total Funds	<u>\$ 392,221</u>	<u>\$ 1,167,059</u>	<u>\$ 1,566,450</u>	<u>\$ 3,125,730</u>

Changes in endowment net assets as of December 31, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 371,873	\$ 921,411	\$ 1,566,450	\$ 2,859,734
Contributions	20,348	-	-	20,348
Investment income	-	133,953	-	133,953
Investment expense	-	(34,718)	-	(34,718)
Net appreciation (depreciation)	-	146,413	-	146,413
Amounts appropriated for expenditure	-		-	-
Endowment net assets, end of year	<u>\$ 392,221</u>	<u>\$ 1,167,059</u>	<u>\$ 1,566,450</u>	<u>\$ 3,125,730</u>

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

In 2009, the Board of Trustees approved yearly 20% allocations of unrestricted donations to an Endowment Fund. The endowment allocation for 2016 was \$20,348 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, 2017 or 2016.

**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:

	2017	2016
Educational Activities	\$ 360,988	\$ 187,121
To support TSA Library	5,150	-
To support Staff - Hurricane Harvey Relief	27,030	-
Curatorial Program Services	356,833	599,400
Construction of Caribbean Project	2,035,283	16,838,548
Gloria Hicks Endowment	1,200	990
Texas State Aquarium Endowment (Invest. Exp.)	38,770	33,728
Use of Land and Building	-	102,245
Total	\$ 2,825,254	\$ 17,762,032

**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

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

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.

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, 2017 and 2016:

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

	2017	2016
Land	\$ 3,556,740	\$ 3,556,740
Building	98,946,295	39,569,921
Parking Facility	1,586,744	1,586,744
Furniture and Equipment	1,235,941	926,784
Machinery and Tanks	3,373,046	2,575,702
Exhibits	6,916,030	6,911,146
Animals	112,722	112,722
Construction in Progress	104,270	48,376,414
Other	132,793	127,817
Total	115,964,580	103,743,990
Less Accumulated Depreciation/Amortization	45,429,906	42,000,857
Total	\$ 70,534,674	\$ 61,743,133

Depreciation/Amortization expense is computed on a straight-line basis over the estimated useful lives or lease term of the assets amounted to \$3,548,787 and \$2,294,165 respectively, for 2017 and 2016. 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.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

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, 2017 and 2016, 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, 2017, \$21,287,448 has been drawn on this line of credit. As of December 31, 2016, \$10,639,680 was outstanding on this loan.

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

**TEXAS STATE AQUARIUM ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 and 2016**

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

	2017	2016
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.

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

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

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, 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 \$199,782 and \$177,495 for 2017 and 2016, 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, 2017 and 2016 no funds were drawn on the line-of-credit.



**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

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, 2017:

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

<u>INVESTMENTS</u>	2017			
	Level 1	Level 2	Level 3	Total
Unrestricted Investments:				
Cash / Money Accounts	1,423,933	-	-	1,423,933
Certificates of Deposit/Equivalent	12,500	-	-	12,500
<b>Total Investments</b>	<b>1,436,433</b>	<b>-</b>	<b>-</b>	<b>1,436,433</b>
Endowment Investments:				
Cash / Money Accounts	130,012	-	-	130,012
Stock Equities	745,004	-	-	745,004
Stock Funds	1,501,547	-	-	1,501,547
Bond Funds	337,445	-	-	337,445
Bond Funds	672,574	-	-	672,574
<b>Total Investments</b>	<b>3,386,582</b>	<b>-</b>	<b>-</b>	<b>3,386,582</b>

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, 2017 and 2016, there were no interest or penalties recorded or included in its consolidated financial statements.

**TEXAS STATE AQUARIUM ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 and 2016**

Note 14 - SUBSEQUENT EVENTS

The organization has evaluated subsequent events through September 25, 2018 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, 2017 the cash in bank balances exceeded the FDIC by \$2,265,612. At December 31, 2016, the cash in bank balances exceeded the FDIC by \$3,798,613. Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings. No losses were incurred during 2017 or 2016.

**SUPPLEMENTARY INFORMATION**



5934 S. Staples St. Ste. 201  
Corpus Christi, TX 78413  
Telephone: (361) 993-1000  
Fax: (361) 991-2880

GOWLAND, STREATLY, 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 26 and 27 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, Streatly, Morales & Co., PLLC*

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

Corpus Christi, Texas  
September 25, 2018

[www.gowland-cpa.com](http://www.gowland-cpa.com)

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidating Statements of Financial Position  
December 31, 2017  
With Summarized Information at December 31, 2016

	2017			
	Texas State Aquarium	Friends of TSA	TSAA Beverage Services	Elimination
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 1,878,843	\$ -	\$ 22,849	\$ -
Cash and Cash Equivalents-Temporarily Restricted	549,011	86,680	-	-
Investments:				
Unrestricted	1,423,933		12,500	-
Trade and Other Receivables	7,359,929		4,109	(7,026,742)
Inventories	30,167		4,228	-
Prepaid Assets	99,422		7,391	-
Total Current Assets	<u>11,341,305</u>	<u>86,680</u>	<u>51,077</u>	<u>(7,026,742)</u>
Note Receivable	-	6,990,000	-	-
Pledges Receivable, restricted to purchase of property and equipment, net	3,518,038	-	-	-
Endowment Assets				
Cash and Cash Equivalents	-	-	-	-
Investments	3,386,582	-	-	-
Total Endowment Assets	<u>3,386,582</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and Equipment	115,959,605	-	4,975	-
Less: Accumulated Depreciation	(45,428,745)	-	(1,161)	-
Total Property and Equipment, Net	<u>70,530,860</u>	<u>-</u>	<u>3,814</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 88,776,785</u>	<u>\$ 7,076,680</u>	<u>\$ 54,891</u>	<u>\$ (7,026,742)</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Accounts Payable	\$ 357,152	\$ -	\$ 8,649	\$ (476)
Accrued Payables	480,863	-	834	-
Deferred Income	311,781	-	-	-
Deposits	-	-	-	-
Notes Payable - Current	719,796	-	-	-
Total Current Liabilities	<u>1,869,592</u>	<u>-</u>	<u>9,483</u>	<u>(476)</u>
Long-Term Debt:				
Notes Payable	30,467,702	7,026,266	-	(7,026,266)
Total Liabilities	<u>32,337,294</u>	<u>7,026,266</u>	<u>9,483</u>	<u>(7,026,742)</u>
Net Assets:				
Unrestricted	49,392,691	-	-	-
Temporarily Restricted	5,480,350	50,414	45,408	-
Permanently Restricted	1,566,450	-	-	-
Total Net Assets	<u>56,439,491</u>	<u>50,414</u>	<u>45,408</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 88,776,785</u>	<u>\$ 7,076,680</u>	<u>\$ 54,891</u>	<u>\$ (7,026,742)</u>

See Independent Auditor's Report on Supplementary Information.

	<u>2017</u>	<u>2016</u>
	<u>Total</u>	<u>Summarized Totals</u>
\$	1,901,692	1,094,444
	635,691	3,069,968
	1,436,433	1,684,506
	337,296	245,481
	34,395	30,607
	106,813	146,413
	<u>4,452,320</u>	<u>6,271,419</u>
	6,990,000	6,990,000
	3,518,038	4,812,166
	-	36,153
	<u>3,386,582</u>	<u>2,884,052</u>
	3,386,582	2,920,205
	115,964,580	103,743,990
	<u>(45,429,906)</u>	<u>(42,000,857)</u>
	<u>70,534,674</u>	<u>61,743,133</u>
\$	<u>88,881,614</u>	<u>82,736,923</u>
\$	365,325	310,807
	481,697	4,610,247
	311,781	35,712
	-	-
	<u>719,796</u>	<u>10,639,680</u>
	1,878,599	15,596,446
	<u>30,467,702</u>	<u>9,900,050</u>
	<u>32,346,301</u>	<u>25,496,496</u>
	49,392,691	49,752,965
	5,576,172	5,921,012
	1,566,450	1,566,450
	<u>56,535,313</u>	<u>57,240,427</u>
\$	<u>88,881,614</u>	<u>82,736,923</u>

TEXAS STATE AQUARIUM ASSOCIATION  
Consolidating Statement of Activities  
For the Year Ended December 31, 2017  
With Summarized Information for the Year Ended December 31, 2016

	2017			
	Texas State Aquarium	Friends of TSA	TSAA Beverage Services	Eliminations
<b>SUPPORT AND REVENUE</b>				
Admissions	\$ 7,826,377	\$ -	\$ -	\$ -
Gift Shop Sales	757,336	-	-	-
Programs	1,612,789	-	-	-
Gifts and Donations	416,596	-	-	-
In-Kind Donations	272,840	-	-	-
Parking	1,189	-	-	-
Education Programs	1,045,015	-	-	-
Memberships	1,427,401	-	-	-
Concessions	2,230,115	-	209,958	-
Vending, Rentals & Other	450,843	-	2,389	-
Investment Income	339,249	69,900	25	-
Net Unrealized Gain/(Loss) on Investments	326,642	-	-	-
Restricted Donations	2,214,396	-	-	(207,421)
Net Assets Released From Restrictions	-	-	-	-
Total Support and Revenue	<u>18,920,788</u>	<u>69,900</u>	<u>212,372</u>	<u>(207,421)</u>
<b>EXPENSES</b>				
Program services				
Education	1,070,433	-	-	-
Curatorial	3,686,880	-	-	-
Other Program Services	8,235,920	-	121,184	-
Total Program Services	<u>12,993,233</u>	<u>-</u>	<u>121,184</u>	<u>-</u>
Supporting Services				
Management and General	2,102,158	152,599	68,714	(207,421)
Endowment & Reserve	38,820	-	-	-
Fundraising	878,761	-	-	-
Total Supporting Services	<u>3,019,739</u>	<u>152,599</u>	<u>68,714</u>	<u>(207,421)</u>
Total Operating Expenses (before Depreciation & Gain/Loss)	16,012,972	152,599	189,898	(207,421)
Increase (Decrease) in Net Assets Before Depreciation & Gain/Loss	2,907,816	(82,699)	22,474	-
Depreciation and Amortization Expense	(3,548,787)	-	(498)	-
Net gain (loss) on Disposal of Assets	(3,420)	-	-	-
Increase (Decrease) in Net Assets	(644,391)	(82,699)	21,976	-
NET ASSETS, beginning of year	<u>57,083,881</u>	<u>133,112</u>	<u>23,434</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 56,439,490</u>	<u>\$ 50,413</u>	<u>\$ 45,410</u>	<u>\$ -</u>

See Independent Auditor's Report on Supplementary Information.



<u>2017</u>		<u>2016</u>	
<u>Total</u>		<u>Summarized Totals</u>	
\$	7,826,377	\$	5,633,707
	757,336		616,463
	1,612,789		1,300,035
	416,596		304,643
	272,840		213,749
	1,189		473,125
	1,045,015		825,730
	1,427,401		876,125
	2,440,073		1,674,545
	453,232		258,031
	409,174		217,195
	326,642		147,876
	2,006,975		3,149,550
	0		-
	<u>18,995,639</u>		<u>15,690,774</u>
	1,070,433		890,906
	3,686,880		3,438,963
	<u>8,357,104</u>		<u>5,415,421</u>
	13,114,417		9,745,290
	2,116,050		2,027,204
	38,820		-
	<u>878,761</u>		<u>1,148,395</u>
	3,033,631		3,175,599
	16,148,048		12,920,889
	2,847,591		2,769,885
	(3,549,285)		(2,294,663)
	<u>(3,420)</u>		<u>(52,033)</u>
	(705,114)		423,189
	<u>57,240,427</u>		<u>56,817,238</u>
\$	<u>56,535,313</u>	\$	<u>57,240,427</u>