

**SOUTH CAROLINA AQUARIUM  
CHARLESTON, SOUTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
South Carolina Aquarium  
Charleston, South Carolina

### Opinion

We have audited the accompanying financial statements of South Carolina Aquarium (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Carolina Aquarium as of December 31, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Prior Period Financial Statements

The financial statements of South Carolina Aquarium as of December 31, 2020 were audited by other auditors whose report dated May 12, 2021, expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect

a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 South Carolina Aquarium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Carolina Aquarium's ability to continue as a going concern for a reasonable period of time.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022, on our consideration of South Carolina Aquarium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South Carolina Aquarium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Carolina Aquarium's internal control over financial reporting and compliance.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022, on our consideration of South Carolina Aquarium's compliance for each major program and on internal control over compliance required by the Uniform Guidance. The purpose of that report is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Carolina Aquarium's compliance for each major program and on internal control over compliance required by the Uniform Guidance.



Charleston, South Carolina  
June 20, 2022

**SOUTH CAROLINA AQUARIUM  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b><u>ASSETS</u></b>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 3,463,358	\$ 3,650,461
Accounts receivable	69,844	302,529
Unconditional promises to give, net, current	614,352	1,079,824
Grants receivable	1,286,260	50,000
Inventory	16,863	18,709
Prepaid expenses	280,695	249,334
Investments, short-term	3,995,860	-
Total current assets	9,727,232	5,350,857
<u>Long-term Assets</u>		
Cash and cash equivalents- long-term purpose	4,445,179	-
Investments, long-term	1,327,347	-
Unconditional promises to give, net, net of current	521,028	559,380
Property and equipment, net	13,879,234	13,964,679
Total long-term assets	20,172,788	14,524,059
Total assets	\$ 29,900,020	\$ 19,874,916

See accompanying notes to the financial statements

**SOUTH CAROLINA AQUARIUM  
STATEMENTS OF FINANCIAL POSITION - CONTINUED  
DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable and accrued expenses	\$ 693,405	\$ 609,170
Advanced deposits	283,327	373,124
Deferred revenues	269,335	259,304
Deferred membership fees	820,312	502,340
Lease termination fee payable, current	42,690	40,471
Bonds payable, current portion	225,000	225,000
Capital leases payable, current	60,792	57,720
Promissory notes, current portion	-	3,160
Total current liabilities	2,394,861	2,070,289
<b><u>Long-term Liabilities</u></b>		
Lease termination fee payable, net of current	45,031	87,721
Capital leases payable, net of current portion	117,691	183,316
Bonds payable, net of current portion	900,000	1,125,000
Small business loan - EIDL	-	150,000
Total long-term liabilities	1,062,722	1,546,037
<b>Total liabilities</b>	<b>3,457,583</b>	<b>3,616,326</b>
<b><u>Net Assets</u></b>		
Without donor restrictions		
Undesignated	14,315,210	11,547,225
Board designated for long-term purposes	5,791,859	463,133
Total without donor restrictions	20,107,069	12,010,358
With donor restrictions	6,335,368	4,248,232
Total net assets	26,442,437	16,258,590
<b>Total liabilities and net assets</b>	<b>\$ 29,900,020</b>	<b>\$ 19,874,916</b>

See accompanying notes to the financial statements

**SOUTH CAROLINA AQUARIUM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<u>Support and Revenues</u>			
Admissions	\$ 7,748,001	\$ -	\$ 7,748,001
Memberships	1,082,866	-	1,082,866
Contributed revenue	1,826,413	2,818,853	4,645,266
Special events	658,111	-	658,111
Concessions	768,751	-	768,751
Program revenues	91,332	-	91,332
Fundraising events, net of \$209,971 of expense	376,798	-	376,798
Supplemental	212,340	-	212,340
Federal financial assistance	5,638,954	-	5,638,954
Investment losses, net	(10,338)	-	(10,338)
Miscellaneous	36,519	-	36,519
Total support and revenues	<u>18,429,747</u>	<u>2,818,853</u>	<u>21,248,600</u>
<u>Net Assets Released from Restrictions</u>	<u>731,717</u>	<u>(731,717)</u>	<u>-</u>
<u>Expenses</u>			
Program services:			
Facilities	2,213,019	-	2,213,019
Guest programs	2,109,495	-	2,109,495
Animal care	1,665,304	-	1,665,304
Education	1,042,710	-	1,042,710
Conservation	775,269	-	775,269
Memberships	386,910	-	386,910
Total program services	<u>8,192,707</u>	<u>-</u>	<u>8,192,707</u>
Supporting services:			
Management and general	1,839,124	-	1,839,124
Annual campaign and fundraising	946,892	-	946,892
Membership development	86,030	-	86,030
Total supporting services	<u>2,872,046</u>	<u>-</u>	<u>2,872,046</u>
Total expenses from operations	<u>11,064,753</u>	<u>-</u>	<u>11,064,753</u>
Change in net assets	8,096,711	2,087,136	10,183,847
Net assets, beginning of year	<u>12,010,358</u>	<u>4,248,232</u>	<u>16,258,590</u>
Net assets, end of year	<u>\$ 20,107,069</u>	<u>\$ 6,335,368</u>	<u>\$ 26,442,437</u>

See accompanying notes to the financial statements

**SOUTH CAROLINA AQUARIUM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b><u>Support and Revenues</u></b>			
Admissions	\$ 3,592,384	\$ -	\$ 3,592,384
Memberships	966,533	-	966,533
Contributed revenue	2,567,988	2,614,992	5,182,980
Special events	126,888	-	126,888
Concessions	277,869	-	277,869
Program revenues	38,636	-	38,636
Fundraising events, net of \$37,408 of expense	84,266	-	84,266
Supplemental	105,294	-	105,294
Federal financial assistance	1,506,715	-	1,506,715
Miscellaneous	464,145	-	464,145
Total support and revenues	<u>9,730,718</u>	<u>2,614,992</u>	<u>12,345,710</u>
<b><u>Net Assets Released from Restrictions</u></b>	<u>2,530,148</u>	<u>(2,530,148)</u>	<u>-</u>
<b><u>Expenses</u></b>			
Program services:			
Facilities	2,197,668	-	2,197,668
Guest programs	2,226,301	-	2,226,301
Animal care	1,567,622	-	1,567,622
Education	1,130,452	-	1,130,452
Conservation	787,740	-	787,740
Memberships	240,481	-	240,481
Total program services	<u>8,150,264</u>	<u>-</u>	<u>8,150,264</u>
Supporting services:			
Management and general	2,226,477	-	2,226,477
Annual campaign and fundraising	702,523	-	702,523
Membership development	104,472	-	104,472
Total supporting services	<u>3,033,472</u>	<u>-</u>	<u>3,033,472</u>
Total expenses	<u>11,183,736</u>	<u>-</u>	<u>11,183,736</u>
Change in net assets	1,077,130	84,844	1,161,974
Net assets, beginning of year	<u>10,933,228</u>	<u>4,163,388</u>	<u>15,096,616</u>
Net assets, end of year	<u>\$ 12,010,358</u>	<u>\$ 4,248,232</u>	<u>\$ 16,258,590</u>

See accompanying notes to the financial statements.

**SOUTH CAROLINA AQUARIUM  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>						<b>Management and General</b>	<b>Annual Campaign and Fundraising</b>	<b>Membership Development</b>	<b>Total</b>
	<b>Facilities</b>	<b>Guest Programs</b>	<b>Animal Care</b>	<b>Education</b>	<b>Conservation</b>	<b>Membership</b>				
<b>Expenses:</b>										
Payroll and benefits	\$ 459,200	\$ 1,510,982	\$ 1,236,095	\$ 903,507	\$ 594,162	\$ 240,370	\$ 1,157,252	\$ 824,284	\$ 75,330	\$ 7,001,182
Occupancy	678,672	2,473	-	-	-	-	-	-	-	681,145
IT and communications	6,297	126,393	54,549	15,632	31,216	8,620	143,679	7,820	7,819	402,025
Public relations and marketing	-	69,902	-	88,929	72,763	85,935	-	6,067	2,881	326,477
Animal care	-	9	296,036	-	8,647	-	31,174	-	-	335,866
Repairs and maintenance	186,741	39,136	33,440	2,049	5,425	-	2,101	55	-	268,947
Loan interest and bank fees	-	175,271	8,872	-	-	21,909	34,196	21,910	-	262,158
Insurance (non-benefit)	-	-	-	-	-	-	174,796	-	-	174,796
Professional fees and consultants	24,115	24,043	-	-	-	-	115,870	9,972	-	174,000
General supplies	591	53,581	22,607	3,970	2,041	10,451	5,768	7,497	-	106,506
Miscellaneous	4,645	15,177	8,751	1,147	14,962	74	111,430	3,125	-	159,311
Programs and events	-	74,431	-	23,999	41,043	19,178	706	5,766	-	165,123
Fundraising and board engagement	-	2	-	45	-	-	11,350	20,167	-	31,564
Travel and professional development	23	65	4,954	2,651	5,010	-	8,786	742	-	22,231
Personnel support	303	11,417	-	781	-	373	26,469	739	-	40,082
Operating leases	-	-	-	-	-	-	10,073	-	-	10,073
Total operating expenses	<u>1,360,587</u>	<u>2,102,882</u>	<u>1,665,304</u>	<u>1,042,710</u>	<u>775,269</u>	<u>386,910</u>	<u>1,833,650</u>	<u>908,144</u>	<u>86,030</u>	<u>10,161,486</u>
Depreciation	802,885	6,613	-	-	-	-	5,474	38,031	-	853,003
Disaster preparation	6,065	-	-	-	-	-	-	717	-	6,782
Bond interest	43,482	-	-	-	-	-	-	-	-	43,482
<b>Total expenses</b>	<u><u>\$ 2,213,019</u></u>	<u><u>\$ 2,109,495</u></u>	<u><u>\$ 1,665,304</u></u>	<u><u>\$ 1,042,710</u></u>	<u><u>\$ 775,269</u></u>	<u><u>\$ 386,910</u></u>	<u><u>\$ 1,839,124</u></u>	<u><u>\$ 946,892</u></u>	<u><u>\$ 86,030</u></u>	<u><u>\$ 11,064,753</u></u>

See accompanying notes to the financial statements.



**SOUTH CAROLINA AQUARIUM  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>							<u>Annual</u>		<u>Total</u>
	<u>Facilities</u>	<u>Guest Programs</u>	<u>Animal Care</u>	<u>Education</u>	<u>Conservation</u>	<u>Membership</u>	<u>Management and General</u>	<u>Campaign and Fundraising</u>	<u>Membership Development</u>	<u>Expenses</u>
<b>Expenses:</b>										
Payroll and benefits	\$ 433,957	\$ 1,694,223	\$ 1,210,430	\$ 1,019,175	\$ 657,275	\$ 117,224	\$ 1,430,397	\$ 583,785	\$ 87,870	\$ 7,234,336
Occupancy	652,046	-	-	-	-	-	-	-	-	652,046
IT and communications	12,375	156,422	31,860	23,009	25,459	17,860	114,471	26,834	8,581	416,871
Public relations and marketing	-	123,924	-	60,329	60,329	73,081	-	10,368	6,875	334,906
Animal care	5,995	-	261,566	-	6,929	-	4,735	-	-	279,225
Repairs and maintenance	186,243	46,687	26,332	443	3,849	377	1,404	377	94	265,806
Loan interest and bank fees	-	86,260	11,794	-	-	10,783	57,465	10,783	-	177,085
Insurance (non-benefit)	-	-	-	-	-	-	168,898	-	-	168,898
Professional fees and consultants	9,448	43,296	-	350	350	1,400	57,814	525	349	113,532
General supplies	141	43,442	12,908	3,101	389	6,918	2,399	9,536	82	78,916
Miscellaneous	84	5,822	6,130	1,109	321	371	60,058	2,555	249	76,699
Programs and events	-	15,163	-	20,862	23,522	5,900	4,298	3,493	156	73,394
Fundraising and board engagement	-	-	-	-	-	6,164	-	48,949	-	55,113
Travel and professional development	-	2,470	6,477	1,260	9,177	153	4,811	626	153	25,127
Personnel support	8	4,843	4	572	80	8	9,901	8	3	15,427
Operating leases	242	363	121	242	60	242	5,617	242	60	7,189
Total operating expenses	1,300,539	2,222,915	1,567,622	1,130,452	787,740	240,481	1,922,268	698,081	104,472	9,974,570
Depreciation	843,851	3,386	-	-	-	-	41,220	4,442	-	892,899
Disaster expenses and other losses	2,990	-	-	-	-	-	147,975	-	-	150,965
Bad debts	-	-	-	-	-	-	115,014	-	-	115,014
Bond interest	50,288	-	-	-	-	-	-	-	-	50,288
<b>Total expenses</b>	<b>\$ 2,197,668</b>	<b>\$ 2,226,301</b>	<b>\$ 1,567,622</b>	<b>\$ 1,130,452</b>	<b>\$ 787,740</b>	<b>\$ 240,481</b>	<b>\$ 2,226,477</b>	<b>\$ 702,523</b>	<b>\$ 104,472</b>	<b>\$ 11,183,736</b>

See accompanying notes to the financial statements

**SOUTH CAROLINA AQUARIUM  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Changes in net assets	\$ 10,183,847	\$ 1,161,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions received restricted for long-term purposes	(1,956,639)	-
Amortization of discount on unconditional promises to give	23,617	35,162
Amortization of deferred interest on operating lease termination payable	7,029	9,133
Allowance for doubtful accounts	-	3,986
Loss on disposal of property and equipment	-	147,975
Depreciation	853,003	892,899
Unrealized loss on investments	5,519	-
Changes in:		
Accounts receivable	232,685	(89,850)
Unconditional promises to give	775,207	41,321
Grants receivable	(1,236,260)	(50,000)
Inventory	1,846	1,394
Prepaid expenses	(31,361)	145,310
Accounts payable and accrued expenses	84,235	(174,915)
Advance deposits	(89,797)	125,011
Program agency funds	-	(29,132)
Deferred revenue	10,031	249,304
Deferred membership fees	317,972	(81,716)
Net cash provided by operating activities	<u>9,180,934</u>	<u>2,387,856</u>
<u>Cash Flows from Investing Activities</u>		
Change in cash designated for long-term purposes	(4,445,179)	-
Proceeds from sale of investments	-	111,920
Purchase of investments	(5,328,726)	-
Purchase of property and equipment	(767,558)	(375,943)
Net cash used for investing activities	<u>(10,541,463)</u>	<u>(264,023)</u>
<u>Cash Flows from Financing Activities</u>		
Contribution collected restricted for long-term purposes	1,661,639	-
Payments on line of credit, net	-	(1,250,000)
Payments on bonds payable	(225,000)	(225,000)
Payments on promissory notes	(3,160)	(17,715)
Payments on small business loan - EIDL	(150,000)	-
Proceeds on small business loan - EIDL	-	150,000
Payments on lease termination fee payable	(47,500)	(47,500)
Payments on capital lease	(62,553)	(61,205)
Net cash provided by (used for) financing activities	<u>1,173,426</u>	<u>(1,451,420)</u>
Net increase (decrease) in cash and cash equivalents	(187,103)	672,413
Cash and cash equivalents, beginning of year	<u>3,650,461</u>	<u>2,978,048</u>
Cash and cash equivalents, end of year	<u>\$ 3,463,358</u>	<u>\$ 3,650,461</u>

See accompanying notes to the financial statements

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The South Carolina Aquarium (the “Aquarium”) is a non-profit organization incorporated in 1992. The Aquarium is devoted to the understanding and conservation of South Carolina’s natural aquatic habitats. The Aquarium’s primary objective is to inspire conservation of the natural world by exhibiting and caring for animals, by excelling in education and research, and by providing an exceptional visitor experience. The Aquarium’s primary facility, which is located in Charleston, South Carolina, opened May 19, 2000, and is leased from the City of Charleston. The Aquarium’s support comes primarily from admission fees, memberships, grants and contributions.

**Basis of Accounting**

The Aquarium’s financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Net Assets**

The Aquarium's net assets are classified as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Aquarium’s management and the board of directors.

**Net assets with donor restrictions:** Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Aquarium or by the passage of time (that is, when a stipulated time restriction ends or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor stipulates the funds be maintained in perpetuity. The Aquarium does not have any donor restrictions that are perpetual in nature as of December 31, 2021 or 2020.

**Revenue Recognition**

***Contributions***

Contributions that are with or without donor restrictions are earned and recognized when the donation is received or unconditionally pledged, as long as there is no performance requirement attached to the contribution. In the instance where there is a performance obligation attached to the contribution, the portion that is attached to a performance requirement is recorded as deferred revenue until it is earned when the performance requirement is met, while the portion that is considered to be a contribution is recorded as revenue when received or unconditionally pledged.

***Grants***

Grants are earned and recorded as revenue when the grant funds are received or unconditionally pledged, if there is no performance requirement in the grant agreement. At that time, any grantor restrictions are considered when recording the revenue. For any grant agreements that include performance obligations, the Aquarium determines when the performance obligations will be met (i.e., at a certain point in time or over time). Revenue is recognized accordingly when the related performance obligation is met. Grant funds with a performance requirement which are received in advance are recorded as deferred revenue and are recognized as revenue when performance requirements are met.

***Fundraising Events***

Fundraising event revenue is recorded as contributed revenue and recognized on the day of the event. While some benefit is received by attendees, it is considered immaterial relative to the amount paid. Any payment received before the event (tickets, sponsorship) is recorded as advanced deposits and released at the time of the event.

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

***Admissions and Memberships***

Admission revenue is recorded as earned and recognized as revenue on the day of the sale. The majority of tickets are purchased at the ticket window immediately before entrance into the Aquarium, and these tickets are only good for the day. Therefore, the performance obligation, entry to the Aquarium, is fulfilled the same day.

Admission tickets sold online can be used for up to one year, they are recognized at time of sale rather than when redeemed. The web-sale tickets comprise a small percentage of total ticket sales and a majority of the sales are used within 1 week. Therefore, the timing difference between purchase and use is considered immaterial for revenue recognition purposes.

Admission revenue also includes group tours. This revenue is also recognized day of visit. Groups pay a deposit prior to coming, which is recorded to advanced deposits and recognized on the day of their visit.

Membership revenue is recorded as earned revenue. The benefits of the membership, including admission, are deemed to be equivalent to the cost. The cash is received in full up front, while the revenue is recognized evenly throughout the membership period as the benefits are delivered, and the performance obligation is met.

***Special Events and Building Rentals***

Special event revenue, which includes non-fundraising ticketed events hosted by the Aquarium, is recorded as earned revenue and recognized at the time of the event, when the performance obligation is met. Any payment received before the event for tickets or deposits is recorded as deferred revenue and released when the event occurs.

Building rental revenue is also recorded as earned revenue and recognized at the time of the event. Security deposits for building rentals are recorded as advance deposits and either returned or recognized as revenue when the building rental occurs.

***Concessions***

Concession revenue, which includes a percentage of net sales (or commission) from third party vendors that manage the gift shop, snack bar and photography station is recorded as earned revenue and recognized on a monthly basis. The third-party vendors pay the commission to the Aquarium each month approximately ten days after the close of the month and revenue is recorded by the Aquarium in the month of the activity.

***Disaggregation of Revenue***

In the following table, net revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Performance obligations satisfied at a point in time	\$ 14,526,780	\$ 9,872,462
Performance obligations satisfied over time	<u>1,082,866</u>	<u>966,533</u>
Total performance obligations	<u>\$ 15,609,646</u>	<u>\$ 10,838,995</u>

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

***Contract Liabilities***

The following table presents the beginning and ending balances of contract liabilities as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Contract liabilities (deferred revenue and advanced deposits), beginning of the year	\$ 1,134,768	\$ 842,169
Revenue recognized for performance obligations completed during the year	(1,134,768)	(842,169)
Revenues deferred until performance obligations are completed	1,372,974	1,134,768
Contract liabilities (deferred revenue and advanced deposits), end of year	\$ 1,372,974	\$ 1,134,768

**Cash and Cash Equivalents**

The Aquarium considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

**Availability of Funds for General Expenditures**

The Aquarium has certain net assets that are available for general expenditures within one year of December 31, 2021 and 2020 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (see Note 2).

**Accounts Receivable**

Accounts receivable relate primarily to concession revenues and group ticket sales. Management evaluates the collectability of outstanding balances based on historical collection experience and the specific accounts outstanding, and establishes an allowance for doubtful accounts based on management's estimate of amounts that will not be collected. Accounts receivable are determined to be past due on contractual terms, which are unsecured and are non-interest bearing. Management does not accrue interest or finance charges on overdue balances. It is the Aquarium's policy to charge off uncollectible amounts when management determines the receivable will not be collected. As of December 31, 2021 and 2020, management estimated all accounts receivable to be fully collectible, and thus no allowance has been recorded.

**Unconditional Promises to Give, Net and grants Receivable**

Contributions are recognized when the donor makes a promise to give to the Aquarium that is in substance, unconditional. Grant revenue is recognized when the grant has been awarded and any related performance objectives have been met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a discount rate of 3.25% for the years ended December 31, 2021 and 2020. Amortization of the discount is presented with contributed revenue.

The Aquarium uses the allowance method to account for uncollectible amounts based on management's estimate of the collectability of the amount receivable. Receivables are considered impaired if payments are not received in accordance with the terms of the receivable. It is the Aquarium's policy to charge off uncollectible amounts when management determines the receivable will not be collected. The allowance for doubtful accounts was \$30,000 as of December 31, 2021 and 2020.

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Property and Equipment, Net**

Property and equipment are recorded at cost, or, if donated, at estimated fair market value at the date of donation. It is the policy of the Aquarium to capitalize assets costing \$5,000 or more with a useful life exceeding one year.

Software	2 years
Transportation equipment	5-7 years
Furniture, fixtures and equipment	7 years
Exhibits	2-10 years
Leasehold improvements	7-40 years
Projects under construction and land	Non-depreciable

**Animal and Plant Collections**

The costs of purchasing or collecting live animals and plants are expensed as incurred. Donated specimens are not valued and, therefore, are not reflected in the financial statements. There were no proceeds received related to the sale of non-capitalized collection items during the year ended December 31, 2021 and December 31, 2020. Purchases of non-capitalized collection items were \$21,117 and \$12,524 for the years ended December 31, 2021 and 2020, respectively.

**Agency funds:**

The Aquarium was the administrating entity for a \$583,000 study provided by the South Carolina Ports Authority. The Aquarium disbursed funds to participating partners in the study. Amounts remaining to be disbursed under the grant totaled \$0 as of December 31, 2021 and 2020. All remaining funds were disbursed during 2020.

**Advertising**

The Aquarium expenses advertising costs as incurred. Advertising costs totaled \$238,211 and \$257,272 for the years ended December 31, 2021 and 2020, respectively, and are included in public relations and marketing on the Statement of Functional Expenses.

**Donated Services, Equipment and Assets**

The Aquarium records various types of in-kind support including donated professional services, supplies, equipment and other assets. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

Supplies donated in 2021 and 2020 include animal and animal care supplies, and are recognized in the animal care program. In-kind contributions totaled \$19,489 and \$51,638 for the years ended December 31, 2021 and 2020, respectively.

A substantial number of unpaid volunteers have made significant contributions of their time and performed a variety of tasks that assisted the Aquarium with its operation but do not meet the two recognition criteria described above. Accordingly, the value of this donated time is not reflected in the financial statements.

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Income Taxes**

The Aquarium is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, if any, as defined by the Code, is subject to federal income tax. The Aquarium is classified by the Internal Revenue Service as other than a private foundation.

The Aquarium's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. Management has evaluated the tax positions of the Aquarium and does not believe that any uncertain tax positions or unrecognized tax benefits exist for the years ended December 31, 2021 or 2020.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Expense Allocations**

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Aquarium's program services are classified within the following:

**Facilities** maintain the building and animal life support systems.

**Guest Programs** includes admissions, security staff and environmental services.

**Animal Care** collects and maintains plants and animals for the exhibits.

**Education** designs and implements the complete Education Master Plan.

**Conservation** leads conservation efforts for the wildlife and wild spaces and inspires the public for these initiatives.

**Memberships** include management of the membership program.

The Aquarium's supporting services include:

**Management and General** provides accounting, human resources, marketing, administration and information services support.

**Annual Campaign and Fundraising** conducts fundraising activities through donor education, fulfillment and management.

**Membership Development** activities include soliciting for prospective members and membership dues, membership relations, and similar activities.

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Expense Allocation, continued**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated and the method of allocation include:

<i>Expense type</i>	<i>Method of allocation</i>
Payroll and benefits	Time and effort
IT and communication	Direct costs to programs; Time and effort for remaining
Public relations and marketing	Direct costs for advertising; Time and effort for remaining
Animal care	Direct costs to programs
Repairs and maintenance	Direct costs to programs
Loan interest and bank fees	Direct costs to programs
Professional fees and consultants	Direct costs to programs; Time and effort for remaining
General supplies	Direct costs to programs; Time and effort for remaining
Miscellaneous	Direct costs to programs; Time and effort for remaining
Programs and events	Direct costs to programs; Time and effort for remaining
Fundraising and board engagements	Direct costs to programs
Travel and professional development	Direct costs to programs; Time and effort for remaining
Personnel support	Direct costs to programs; Time and effort for remaining
Operating leases	Direct costs to programs
Depreciation	Square footage
Disaster expense and other losses	Direct costs

**New Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-02, *Leases (Subtopic 842)*, which will require entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about the leasing arrangements. For non-profit organizations, this standard is effective for annual reporting periods beginning after December 15, 2021, and early adoption is permitted. The Aquarium is currently evaluating the impact of this standard.

The FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) on Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires organizations to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from cash and other financial assets, and disaggregate into different categories those nonfinancial assets. For each category of utilized assets, the description of programs or other activities in which the assets are utilized and any donor-imposed restrictions on the use of assets need to be disclosed. The standard is effective for the Aquarium’s fiscal year 2022. The impact of this standard on the Aquarium’s financial statements is being evaluated

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Aquarium's net assets or changes in net assets.

**Risks and Uncertainties**

The COVID-19 pandemic continues to adversely affect, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent and duration to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Aquarium’s and its customers’ costs, demand for the Aquarium’s services, and the U.S. economy. Furthermore, there is a possibility of closure by government or state order for a period of time in response to COVID-19. The full impact on the operational and financial activity cannot be estimated at this time.



**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Reclassifications**

Certain items in the prior year have been reclassified to conform to current year presentation.

**Subsequent Events**

In preparing these financial statements, the Aquarium has evaluated events and transactions for potential recognition or disclosure through June 20, 2022, the date the financial statements were available to be issued.

**2. AVAILABILITY AND LIQUIDITY**

Financial assets available for general expenditures that are without donor or other restrictions limiting their use within one year of the Statement of Financial Position date of December 31, 2021 and 2020 are comprised of the following:

	<b>2021</b>	<b>2020</b>
Total assets at end of year	\$ 29,900,020	\$ 19,874,916
Less amounts not available to be used within one year due to illiquidity:		
Prepaid expenses	280,695	249,334
Property and equipment, net	13,879,234	13,964,679
	14,159,929	14,214,013
Less amounts not available to be used within one year due to availability:		
Non-current unconditional promises to give, net	521,028	559,380
Board imposed restriction, long-term	1,791,859	-
Donor imposed restrictions, long-term	3,982,046	2,519,369
	6,294,933	3,078,749
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,445,158	\$ 2,582,154

In accordance with the Aquarium's policies, the board has designated certain amounts to be used for future activities and programs. These board designations can be drawn upon if the governing board approves this action.

The Aquarium's goal is to maintain financial assets to cover operating expenses over a reasonable period of time. Any funds in excess of the adequate operating expense coverage are invested with the objectives of preserving capital and long-term growth. The Aquarium has a \$1,250,000 line of credit. As of December 31, 2021 and 2020, there was no outstanding balance.

**3. UNCONDITIONAL PROMISES TO GIVE, NET**

Unconditional promises to give, net consisted of the following at December 31:

	<b>2021</b>	<b>2020</b>
Unconditional promises to give	\$ 1,209,043	\$ 1,689,250
Less: Unamortized discount	(43,663)	(20,046)
Present value of unconditional promises to give	1,165,380	1,669,204
Less: Allowance for uncollectible promises to give	(30,000)	(30,000)
Unconditional promises to give, net	\$ 1,135,380	\$ 1,639,204

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**3. UNCONDITIONAL PROMISES TO GIVE, NET**

Amounts expected to be collected for the years ended December 31, are as follows:

2022		\$	614,352
2023			262,191
2024			172,500
2025			30,000
2026			30,000
Thereafter			100,000
			\$ 1,209,043

**4. FAIR VALUE MEASUREMENTS**

The Aquarium's investments are stated at fair market value. Fair market value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.
- Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. These inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

The following table presents the Aquarium's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021:

	2021			
	Level 1	Level 2	Level 3	Total
Investments, short-term	\$ 3,995,860	\$ -	\$ -	\$ 3,995,860
Investments, long-term	1,327,347	-	-	1,327,347
	\$ 5,323,207	\$ -	\$ -	\$ 5,323,207

The Aquarium did not have any assets classified as investments at December 31, 2020.

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
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**5. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following at December 31:

	<b>2021</b>	<b>2020</b>
Software	\$ 120,150	\$ 120,150
Transportation equipment	505,921	493,282
Furniture, fixtures and equipment	3,249,791	3,173,573
Exhibits	13,941,627	13,921,487
Leasehold improvements	8,537,984	8,184,451
Projects under construction and land	896,017	590,989
	27,251,490	26,483,932
Accumulated depreciation	(13,372,256)	(12,519,253)
	<b>\$ 13,879,234</b>	<b>\$ 13,964,679</b>

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$853,003 and \$892,899 respectively.

**6. REVOLVING LINE OF CREDIT**

The Aquarium has a revolving line of credit in the amount of \$1,250,000, which was originally effective through August 19, 2020 and bears interest at a base rate plus 1%, with a floor of 5.00%. The balance was \$0 as of December 31, 2021 and 2020. On February 25, 2021, the Aquarium's revolving line of credit was amended. The new terms allow for the Aquarium to borrow the lesser of 1) \$1,250,000 and 2) the aggregate number of outstanding promises to give. The line bears interest at 1% plus the Base Rate, with a floor of 5.00% and is effective through May 31, 2022. The line of credit is secured by the Aquarium's outstanding promises to give.

**7. PROMISSORY NOTES**

On February 15, 2017, the Aquarium signed a \$72,000 term loan for the acquisition of a boat. The note bore interest at 3.95% and matured on January 25, 2021. Principal and interest payments of \$1,626 were due monthly. The note was secured by the boat and a blanket lien on other assets. The note was paid and full and surrender during 2021, and had a balance of \$3,160 at December 31, 2020.

**8. CAPITAL LEASE PAYABLE**

On November 24, 2017, the Aquarium signed a master lease agreement for the acquisition of a CT scanner for the sea turtle recovery center. The agreement requires 84 payments of \$5,548 and carries an implied interest rate of 4.135%. The agreement has a bargain purchase option at the end of the lease term in the amount of \$100. The lease is collateralized with the underlying equipment.

On August 10, 2018, the Aquarium signed a capital lease for the acquisition of computer equipment. The agreement requires 36 payments of \$449 and has a bargain purchase option at the end of the lease term.

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
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**8. CAPITAL LEASE PAYABLE - CONTINUED**

Future minimum lease payments under these agreements as of December 31, 2021, are as follows:

2022	\$	66,578
2023		66,579
2024		55,290
Thereafter		-
Total minimum lease payments		<u>188,447</u>
Less: amount representing interest		<u>(9,964)</u>
Total capital leases	<u>\$</u>	<u>178,483</u>

The combined interest expense paid on the revolving line of credit, promissory notes and capital leases payable was \$31,448 and \$62,851 for the years ended December 31, 2021 and 2020, respectively (also see note 6 and 7).

**9. BONDS PAYABLE**

On October 1, 2014, the Aquarium issued a note to evidence its obligation to the South Carolina Jobs Economic Development Authority (the "Authority") arising from the Authority's loan to the Aquarium of the proceeds of the South Carolina Jobs - Economic Development Authority Economic Development Revenue Bond (SC Aquarium Project) Series 2014 in the amount of \$2,700,000. The net proceeds of the bonds were primarily used to finance the construction and improvements of the Aquarium's existing facilities. The bonds are secured by the Aquarium's personal property.

At December 31, 2021 and 2020, the balance of the bonds payable was \$1,125,000 and \$1,350,000, respectively. Amounts are due in installments of \$225,000 each on October 1st with interest due semiannually at rates ranging from 2.5% to 3.6%.

Future payments on bonds payable at December 31, 2021 are as follows:

2022	\$	225,000
2023		225,000
2024		225,000
2025		225,000
2026		<u>225,000</u>
	<u>\$</u>	<u>1,125,000</u>

Interest expense incurred on bonds payable for the years ended December 31, 2021 and 2020 was \$43,482 and \$50,288.

**10. LEASE TERMINATION FEE PAYABLE**

On December 20, 2013, the Aquarium signed an operating lease termination agreement with its landlord for property leased under an agreement dated February 1, 2000. The agreement required the Aquarium (or subtenant therein) to vacate the property before December 31, 2013. Accordingly, the lease agreement was terminated and a \$475,000 termination fee was payable. The fee is due in 10 equal non-interest-bearing installments of \$47,500 on September 15th each year. The Aquarium had imputed interest under this agreement and had recorded a lease termination fee of \$395,959 during the year ended March 31, 2014.

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**10. LEASE TERMINATION FEE PAYABLE - CONTINUED**

Future minimum payments at December 31 under this agreement are as follows:

	2022	\$	47,500
	2023		47,500
			95,000
	Amount representing interest		(7,279)
			\$ 87,721

**11. FEDERAL FINANCIAL ASSISTANCE**

In April 2020, the Aquarium received a loan in the amount of \$1,506,715 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), provides for loans to qualifying entities for amounts up to 2.5 times the average monthly payroll expenses of the qualifying entity. The loans and accrued interest are forgivable after the applicable time period in the CARES Act as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The PPP Loan is unsecured and guaranteed by the United States Small Business Administration (“SBA”). The unforgiven portion of the Company’s PPP loan is payable in monthly installments at an interest rate of 1.00%.

The Aquarium performed calculations for loan forgiveness in accordance with the terms of the CARES Act and, based on such calculations, expects that the PPP loan will be forgiven in full. Further, the Aquarium has determined that it has met all the conditions of the loan required under the CARES Act as of December 31, 2021 and 2020 and has elected to account for the PPP loan in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, which allows the Aquarium to recognize the loan forgiveness as a contribution when the conditions for loan forgiveness have been substantially met. Therefore, the Aquarium recognized the full amount borrowed under the PPP loan on the accompanying statement of activities for the years ended December 31, 2021 and 2020.

On February 17, 2021, the Aquarium received a second PPP loan in the amount of \$1,401,690. The loan carries a 1% fixed interest rate and matures in five years from the date of the note if not forgiven. The Aquarium has to used the proceeds of the loan in accordance with loan provisions that will allow for full forgiveness.

The Aquarium submitted a timely application for forgiveness with the SBA, and the first PPP loan and related interest was forgiven on February 25, 2021 and the second PPP loan and related interest on December 10, 2021.

In June 2020, the Aquarium received an Economic Injury Disaster Loan (“EIDL”) in the amount of \$150,000 from the U.S Small Business Association. The EIDL, established in response to COVID-19, provides for loans to small business owners, including agricultural businesses, and nonprofit organizations in all U.S. states, Washington D.C., and territories. The 30-year loan includes principal and interest payments in the amount of \$641 monthly beginning 12 months from the date of the note. Interest accrued at a rate of 2.75% for the year ended December 31, 2020. The balance on the loan was \$0 and \$150,000 as of December 31, 2021 and 2020. The EIDL was paid in full during 2021.

In July 2021, the Aquarium received a \$2,926,861 Shuttered Venue Operators Grant (SVOG) as provided by the SBA under a program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The SVOG provided funding. organizations that suffered revenue loss due to restrictions on public gatherings imposed to limit the spread of COVID-19. The Aquarium is not required to repay the SVOG and has complied with the provisions of this grant.

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
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**11. FEDERAL FINANCIAL ASSISTANCE - CONTINUED**

During 2021, the Aquarium filed for a \$1,286,260 Employee Retention Credit (ERC) with the Internal Revenue Service (IRS). The tax credit was established to encourage business to retain employees during the COVID-19 pandemic. The Aquarium has complied with the provisions of this tax credit and has recorded a grant receivable associated with the ERC. The Aquarium anticipates it will receive payment on this credit during the year ended December 31, 2022.

The Aquarium has recognized \$5,638,954 and \$1,506,715 for the years ended December 31, 2021 and 2020, respectively, and has accounted for these amounts as federal financial assistance in the statement of activities.

**12. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Restricted as to time:	\$ 172,496	\$ 301,035
Restricted as to purpose:		
Education programs	825,754	437,018
Exhibit development	123,074	105,954
Sea turtle hospital	799,580	60,000
Sea Turtle conservation and research program	173,000	150,000
Capital and maintenance programs	172,060	114,421
Conservation	214,210	143,937
Other programs	45,208	86,205
Building fortification	2,473,086	1,454,067
Maritime Center Learning Lab	1,336,900	1,095,497
Donor recognition	-	300,098
	<u>\$ 6,335,368</u>	<u>\$ 4,248,232</u>

**13. BOARD DESIGNATED NET ASSETS**

The Aquarium's Board of Directors has designated certain amounts for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Board designated for endowment	\$ 463,133	\$ 463,133
Board designated for operating reserve	4,000,000	-
Board designated for short-term capital replacement	1,000,000	-
Board designated for future growth	328,726	-
	<u>\$ 5,791,859</u>	<u>\$ 463,133</u>

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
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**14. DEFINED CONTRIBUTION PLAN**

The Aquarium maintains a defined contribution 401(k) plan (the "Plan") covering substantially all the full-time salaried employees with one year or more of service. Under the Plan, the Aquarium makes matching contributions equal to 100% of the first 3% of the employee's contribution and 50% of the next 2% of the employee's contribution, for a total match of up to 4%. Contribution expense relating to the Plan for the years ended December 31, 2021 and 2020 was \$131,753 and \$128,296, respectively.

**15. CONCENTRATION OF CREDIT RISK**

From time to time, the Aquarium has operating accounts and other demand accounts with financial institutions in excess of the Federal Depository Insurance Company ("FDIC") limit of \$250,000 per bank. The Aquarium has not experienced any losses associated with these financial institutions.

**16. OPERATING LEASES**

Facility and Warehouses

The Aquarium leases two warehouses under two operating lease agreements. One of the agreements expired September 16, 2018, and a new agreement for the same space was signed with an expiration date of September 30, 2021. The initial monthly lease payment is \$2,272 with payment increases of 3% per year and contains one three-year renewal option. In addition, the agreement requires the Aquarium to pay certain executory costs such as taxes, maintenance and insurance, where applicable, which approximated \$11,044 for the year ended December 31, 2020.

The second agreement originally commenced in June 2012 and was renewed in May 2017 for another five-year term, expiring on May 31, 2022. The initial monthly lease payment of the renewal is \$2,029 with payment increases of 3% per year. In addition, the agreement requires the Aquarium to pay for certain costs above and beyond general maintenance, where applicable, as incurred.

The Aquarium has three equipment lease that matures in 2025 with monthly minimum lease payments of \$195.

Rent expense for these leases totaled \$76,442 and \$79,608 for the years ended December 31, 2021 and 2020, respectively.

Future minimum payments at December 31 under these agreements are as follows:

	\$	41,358
2022		30,766
2023		31,624
2024		31,336
2025		23,130
2026		-
Thereafter		-
	\$	158,214

**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
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**16. OPERATING LEASES - CONTINUED**

The Aquarium has an agreement with the City of Charleston to sublease the land and facilities that house the Aquarium operations for annual rent of \$1. This property is owned by the National Park Service and used by the City, which in turn leases it to the Aquarium. The Aquarium's agreement with the City includes a clause which states that the excess annual revenues over expenses, including provision for debt service and reserve for depreciation, will be split evenly as follows:

Fifty percent (50%) will be placed in a fund for the future capital improvements and a reserve for operating shortfalls in the sum of \$2,000,000 to be maintained during the term of the lease.

Fifty percent (50%) will be paid annually to the City of Charleston to reduce the City Bond indebtedness in the principal amount of \$9,500,000 until such debt has been paid in full.

Under the terms of the agreement, the Aquarium did not make any lease payments to the City of Charleston for the years ended December 31, 2021 or 2020.

**17. COMMITMENTS AND CONTINGENCIES**

In May 2005, the Aquarium entered into a contract to lease retail space to a vendor to operate the gift shop for a term of five years. This agreement was amended on January 13, 2010, extending the term of the agreement for an additional five-year period through June 2, 2015. On December 7, 2021, the Aquarium signed the fifth amendment to this agreement. The agreement extends the terms through June 30, 2030. Rent is paid to the Aquarium monthly in arrears, is calculated based upon a percentage of gross receipts collected, and is guaranteed to exceed \$310,000 annually provided annual attendance does not fall below 390,000 visitors. The annual payment guarantee to the Aquarium shall be reduced by the same percentage as the attendance shortfall. Amounts received by the Aquarium under this agreement for the years ended December 31, 2021 and 2020 were \$605,855 and \$224,322, respectively. Amounts received are included in concessions revenue in the Statement of Activities.

In April 2006, the Aquarium signed a services agreement with a vendor to provide photographic and imaging services to patrons in the facility. The agreement was for an initial term of three years, with an automatic renewal of an additional three years if either of the parties did not notify each other of termination. The agreement was extended through 2020. In February 2020 and 2021, the Aquarium signed extensions to this agreement. The extension is for one year and matures in September 2022; see Note 18 for subsequent renewal. The Aquarium receives a percentage of net sales revenues as defined within the agreement. Amounts received by the Aquarium under this agreement for the years ended December 31, 2021 and 2020 were \$158,219 and \$46,150, respectively. Amounts received are included in concessions revenue in the Statement of Activities.

On May 21, 2007, the Aquarium signed a concession agreement with a vendor to operate a food concession area in the facility. The agreement was amended on January 13, 2010, extending the term for an additional five years through June 2, 2015. On June 22, 2015, the Aquarium signed the third amendment to this agreement. The agreement provides for (2) five-year extension terms through June 2, 2025. The Aquarium receives rent based upon an agreed percentage of gross sales as defined within the agreement. Amounts received by the Aquarium under this agreement for the years ended December 31, 2021 and 2020 were \$4,677 and \$7,397, respectively. Amounts received are included in concessions revenue in the Statement of Activities.



**SOUTH CAROLINA AQUARIUM  
NOTES TO THE FINANCIAL STATEMENTS  
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**18. RELATED PARTY TRANSACTIONS**

Members of the Board of Directors made contributions and unconditional promises to give totaling approximately \$1,105,658 and \$1,569,875 during the years ended December 31, 2021 and 2020, respectively. Outstanding balances of unconditional promises to give from board members, totaled \$585,810 and \$1,329,888 at December 31, 2021 and 2020, respectively.

The Aquarium's bonds payable are held by a related party and had a balance of \$1,125,000 and \$1,350,000 at December 31, 2021 and 2020. Interest incurred under these bonds was \$43,482 and \$50,288 for the years ended December 31, 2021 and 2020, respectively.

**19. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 20, 2022, the date which the financial statements were available to be issued. Based upon that review, no further adjustments were made to these financial statements.