



**Virginia Aquarium & Marine  
Science Center Foundation, Inc.**

**Financial Statements**  
Years Ended June 30, 2021 and 2020

**Virginia Aquarium & Marine Science Center  
Foundation, Inc.**

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Financial Statements  
Years Ended June 30, 2021 and 2020

**Virginia Aquarium & Marine Science Center  
Foundation, Inc.**

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## **Independent Auditor's Report**

The Board of Trustees  
Virginia Aquarium & Marine Science Center Foundation, Inc.  
Virginia Beach, Virginia

### ***Opinion***

We have audited the financial statements of Virginia Aquarium & Marine Science Center Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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



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

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

In performing an audit in accordance with GAAS, we:

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

*BDO USA, LLP*

October 25, 2021

## Financial Statements

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# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Statements of Financial Position

| <i>June 30,</i>                          | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>Assets</b>                            |                      |                      |
| Cash and cash equivalents                | \$ 1,560,980         | \$ 1,367,055         |
| Accounts receivable                      | 509,413              | 170,512              |
| Grants receivable                        | 65,082               | 43,560               |
| Promises to give, net                    | 1,707,734            | 2,348,654            |
| Prepaid expenses                         | 156,000              | 159,057              |
| Investments                              | 7,008,038            | 5,071,948            |
| Property and equipment, net              | 19,420,447           | 17,408,113           |
| Restricted cash                          | 3,412,100            | 5,374,965            |
| <b>Total Assets</b>                      | <b>\$ 33,839,794</b> | <b>\$ 31,943,864</b> |
| <b>Liabilities and Net Assets</b>        |                      |                      |
| <b>Liabilities</b>                       |                      |                      |
| Accounts payable                         | \$ 256,828           | \$ 358,491           |
| Deferred revenue                         | 58,381               | 99,801               |
| Notes payable                            | 136,637              | 172,000              |
| <b>Total Liabilities</b>                 | <b>451,846</b>       | <b>630,292</b>       |
| <b>Net Assets</b>                        |                      |                      |
| Net assets without donor restrictions    |                      |                      |
| Undesignated                             | 2,411,995            | 1,491,545            |
| Net investment in property and equipment | 19,420,447           | 17,408,113           |
| Board-designated                         | 5,556,892            | 4,209,178            |
| Net assets without donor restrictions    | 27,389,334           | 23,108,836           |
| Net assets with donor restrictions       | 5,998,614            | 8,204,736            |
| <b>Total Net Assets</b>                  | <b>33,387,948</b>    | <b>31,313,572</b>    |
| <b>Total Liabilities and Net Assets</b>  | <b>\$ 33,839,794</b> | <b>\$ 31,943,864</b> |

*See accompanying notes to financial statements.*

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Statements of Activities

| <i>Year Ended June 30, 2021</i>                      | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|--|-------------------------------|----------------------------|----------------------|
| <b>Operating Revenue</b>                             |                               |                            |                      |
| Contributions  |                               |                            |                      |
| Cash   | \$ 508,594                    | \$ 826,979                 | \$ 1,335,573         |
| Noncash  | 1,370,095                     | 37,032                     | 1,407,127            |
| Grant revenue  | 153,780                       | -                          | 153,780              |
| Fundraising events, net                              | 171,305                       | 50,279                     | 221,584              |
| Program revenue                                      | 694,138                       | -                          | 694,138              |
| Facility rental income                               | -                             | -                          | -                    |
| Temporary exhibit income                             | -                             | -                          | -                    |
| Concessions  | 746,803                       | -                          | 746,803              |
| Transfer of board-designated reserves                | 6,627                         | -                          | 6,627                |
| Net assets released from restrictions for operations | 1,086,332                     | (1,086,332)                | -                    |
| <b>Total Operating Revenue</b>                       | <b>4,737,674</b>              | <b>(172,042)</b>           | <b>4,565,632</b>     |
| <b>Operating Expenses</b>                            |                               |                            |                      |
| Program services                                     |                               |                            |                      |
| Educational programs                                 | 1,142,723                     | -                          | 1,142,723            |
| Exhibits   | 822,062                       | -                          | 822,062              |
| Research and conservation                            | 1,456,467                     | -                          | 1,456,467            |
| General and administrative                           | 346,411                       | -                          | 346,411              |
| Fundraising  | 273,625                       | -                          | 273,625              |
| <b>Total Operating Expenses</b>                      | <b>4,041,288</b>              | <b>-</b>                   | <b>4,041,288</b>     |
| <b>Change in Net Assets from Operations</b>          | <b>696,386</b>                | <b>(172,042)</b>           | <b>524,344</b>       |
| <b>Nonoperating Revenue (Expense)</b>                |                               |                            |                      |
| Bequests, board-designated                           | 154,932                       | -                          | 154,932              |
| Investment income, net                               | 634,065                       | 782,105                    | 1,416,170            |
| Gain on extinguishment of debt                       | 172,000                       | -                          | 172,000              |
| Collections  | (186,443)                     | -                          | (186,443)            |
| Transfer of board-designated reserves                | (6,627)                       | -                          | (6,627)              |
| Net assets released from restrictions for capital    | 2,816,185                     | (2,816,185)                | -                    |
| <b>Total Nonoperating Revenue (Expense)</b>          | <b>3,584,112</b>              | <b>(2,034,080)</b>         | <b>1,550,032</b>     |
| <b>Change in Net Assets</b>                          | <b>4,280,498</b>              | <b>(2,206,122)</b>         | <b>2,074,376</b>     |
| <b>Net Assets, beginning of year</b>                 | <b>23,108,836</b>             | <b>8,204,736</b>           | <b>31,313,572</b>    |
| <b>Net Assets, end of year</b>                       | <b>\$ 27,389,334</b>          | <b>\$ 5,998,614</b>        | <b>\$ 33,387,948</b> |

*See accompanying notes to financial statements.*



# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Statements of Activities

| <i>Year Ended June 30, 2020</i>                      | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
|--|-------------------------------|----------------------------|----------------------|
| <b>Operating Revenue</b>                             |                               |                            |                      |
| Contributions  |                               |                            |                      |
| Cash   | \$ 411,419                    | \$ 870,986                 | \$ 1,282,405         |
| Noncash  | 1,396,072                     | 25,027                     | 1,421,099            |
| Grant revenue  | 197,652                       | -                          | 197,652              |
| Fundraising events, net                              | 5,277                         | 68,363                     | 73,640               |
| Program revenue                                      | 683,249                       | -                          | 683,249              |
| Facility rental income                               | 54,856                        | -                          | 54,856               |
| Temporary exhibit income                             | 190,363                       | -                          | 190,363              |
| Concessions  | 497,457                       | -                          | 497,457              |
| Transfer of board-designated reserves                | -                             | -                          | -                    |
| Net assets released from restrictions for operations | 802,708                       | (802,708)                  | -                    |
| <b>Total Operating Revenue</b>                       | <b>4,239,053</b>              | <b>161,668</b>             | <b>4,400,721</b>     |
| <b>Operating Expenses</b>                            |                               |                            |                      |
| Program services                                     |                               |                            |                      |
| Educational programs                                 | 1,255,599                     | -                          | 1,255,599            |
| Exhibits   | 1,121,515                     | -                          | 1,121,515            |
| Research and conservation                            | 1,112,764                     | -                          | 1,112,764            |
| General and administrative                           | 428,824                       | -                          | 428,824              |
| Fundraising  | 385,031                       | -                          | 385,031              |
| <b>Total Operating Expenses</b>                      | <b>4,303,733</b>              | <b>-</b>                   | <b>4,303,733</b>     |
| <b>Change in Net Assets from Operations</b>          | <b>(64,680)</b>               | <b>161,668</b>             | <b>96,988</b>        |
| <b>Nonoperating Revenue (Expense)</b>                |                               |                            |                      |
| Bequests, board-designated                           | 739,142                       | -                          | 739,142              |
| Investment income, net                               | 326,538                       | 100,116                    | 426,654              |
| Gain on extinguishment of debt                       | -                             | -                          | -                    |
| Collections  | (862)                         | -                          | (862)                |
| Transfer of board-designated reserves                | -                             | -                          | -                    |
| Net assets released from restrictions for capital    | 3,209,352                     | (3,209,352)                | -                    |
| <b>Total Nonoperating Revenue (Expense)</b>          | <b>4,274,170</b>              | <b>(3,109,236)</b>         | <b>1,164,934</b>     |
| <b>Change in Net Assets</b>                          | <b>4,209,490</b>              | <b>(2,947,568)</b>         | <b>1,261,922</b>     |
| <b>Net Assets, beginning of year</b>                 | <b>18,899,346</b>             | <b>11,152,304</b>          | <b>30,051,650</b>    |
| <b>Net Assets, end of year</b>                       | <b>\$ 23,108,836</b>          | <b>\$ 8,204,736</b>        | <b>\$ 31,313,572</b> |

*See accompanying notes to financial statements.*

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Statements of Functional Expenses

| Year Ended June 30, 2021  | Program Services     |                   |                           |                            |                   | Total               |
|---|----------------------|-------------------|---------------------------|----------------------------|-------------------|---------------------|
|   | Educational Programs | Exhibits          | Research and Conservation | General and Administrative | Fundraising       |                     |
| <b>Operating Expenses</b>   |                      |                   |                           |                            |                   |                     |
| Salaries  | \$ 421,451           | \$ 195,798        | \$ 584,663                | \$ 169,545                 | \$ 171,096        | \$ 1,542,553        |
| Payroll taxes   | 30,814               | 13,822            | 41,183                    | 10,520                     | 9,871             | 106,210             |
| Employee benefits   | 113,258              | 48,709            | 157,074                   | 42,634                     | 37,355            | 399,030             |
| <b>Total Personnel</b>  | <b>565,523</b>       | <b>258,329</b>    | <b>782,920</b>            | <b>222,699</b>             | <b>218,322</b>    | <b>2,047,793</b>    |
| Advertising and promotion   | 20,554               | -                 | -                         | 5,276                      | 1,715             | 27,545              |
| Bank charges  | 366                  | 55                | 607                       | 352                        | 7,231             | 8,611               |
| Conservation support  | -                    | -                 | 41,540                    | -                          | -                 | 41,540              |
| Contractual services  | 471,016              | 66                | 57,291                    | 21,436                     | 19,542            | 569,351             |
| Contributions to COVB   | -                    | -                 | 187,000                   | -                          | -                 | 187,000             |
| Dues and subscriptions  | 292                  | 45,000            | 881                       | 2,308                      | 420               | 48,901              |
| Fuel  | 86                   | 220               | 3,354                     | -                          | -                 | 3,660               |
| Indirect overhead   | -                    | -                 | 4,793                     | (4,793)                    | -                 | -                   |
| Insurance   | 1,352                | -                 | 15,675                    | 7,549                      | -                 | 24,576              |
| Maintenance and repair  | 611                  | 757               | 11,140                    | 2,672                      | -                 | 15,180              |
| Meetings  | -                    | -                 | -                         | 480                        | 10                | 490                 |
| Miscellaneous   | 17,274               | 74                | 4,587                     | -                          | -                 | 21,935              |
| Permits and fees  | 419                  | 678               | 4,439                     | 1,117                      | 800               | 7,453               |
| Printing and postage  | 185                  | 1,416             | 221                       | 473                        | 14,360            | 16,655              |
| Professional development  | 875                  | 12,276            | 1,137                     | 8,235                      | 150               | 22,673              |
| Professional services   | 750                  | 200               | 907                       | 42,791                     | 1,475             | 46,123              |
| Rent  | -                    | -                 | 60,096                    | -                          | -                 | 60,096              |
| Small tools and equipment   | 1,442                | 1,476             | 43,424                    | 291                        | 8,212             | 54,845              |
| Supplies  | 16,903               | 4,334             | 54,469                    | 578                        | 1,375             | 77,659              |
| Temporary labor   | 33,334               | 1,413             | 41,599                    | 10,430                     | -                 | 86,776              |
| Telecommunications  | -                    | 4,602             | 6,117                     | 7,750                      | -                 | 18,469              |
| Travel  | -                    | 117               | 700                       | 90                         | 13                | 920                 |
| Uncollectible accounts  | -                    | -                 | -                         | -                          | -                 | -                   |
| <b>Total expenses before depreciation and (gain) loss on disposal</b> | <b>1,130,982</b>     | <b>331,013</b>    | <b>1,322,897</b>          | <b>329,734</b>             | <b>273,625</b>    | <b>3,388,251</b>    |
| Depreciation  | 12,741               | 393,760           | 97,941                    | 8,340                      | -                 | 512,782             |
| (Gain) loss on disposal of property and equipment                     | (1,000)              | 97,289            | 35,629                    | 8,337                      | -                 | 140,255             |
| <b>Total Operating Expenses</b>                                       | <b>\$ 1,142,723</b>  | <b>\$ 822,062</b> | <b>\$ 1,456,467</b>       | <b>\$ 346,411</b>          | <b>\$ 273,625</b> | <b>\$ 4,041,288</b> |

*See accompanying notes to financial statements.*

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Statements of Functional Expenses

| Year Ended June 30, 2020  | Program Services     |                     |                           |                            |                   | Total               |
|---|----------------------|---------------------|---------------------------|----------------------------|-------------------|---------------------|
|   | Educational Programs | Exhibits            | Research and Conservation | General and Administrative | Fundraising       |                     |
| <b>Operating Expenses</b>   |                      |                     |                           |                            |                   |                     |
| Salaries  | \$ 451,168           | \$ 223,590          | \$ 589,471                | \$ 197,507                 | \$ 226,880        | \$ 1,688,616        |
| Payroll taxes   | 31,059               | 15,428              | 40,345                    | 11,815                     | 13,755            | 112,402             |
| Employee benefits   | 98,807               | 47,032              | 137,709                   | 43,809                     | 50,698            | 378,055             |
| <b>Total Personnel</b>  | <b>581,034</b>       | <b>286,050</b>      | <b>767,525</b>            | <b>253,131</b>             | <b>291,333</b>    | <b>2,179,073</b>    |
| Advertising and promotion   | 24,579               | 11,888              | 931                       | 4,811                      | 685               | 42,894              |
| Bank charges  | 609                  | 36                  | 778                       | 3,164                      | 2,834             | 7,421               |
| Conservation support  | -                    | -                   | 35,935                    | -                          | -                 | 35,935              |
| Contractual services  | 459,807              | 222,563             | 31,208                    | 30,972                     | 22,427            | 766,977             |
| Contributions to COVB   | -                    | -                   | -                         | -                          | -                 | -                   |
| Dues and subscriptions  | 741                  | 47,521              | 1,995                     | 5,842                      | 1,420             | 57,519              |
| Fuel  | 1,508                | 121                 | 3,742                     | -                          | -                 | 5,371               |
| Indirect overhead   | 2,574                | -                   | 3,913                     | (6,487)                    | -                 | -                   |
| Insurance   | 1,268                | -                   | 20,611                    | 4,430                      | 887               | 27,196              |
| Maintenance and repair  | 2,657                | 12,053              | (857)                     | 1,989                      | -                 | 15,842              |
| Meetings  | 650                  | -                   | 1,537                     | 3,912                      | 1,592             | 7,691               |
| Miscellaneous   | 14,905               | 87                  | 89                        | -                          | -                 | 15,081              |
| Permits and fees  | 952                  | -                   | 3,281                     | 804                        | -                 | 5,037               |
| Printing and postage  | 5,583                | 5,969               | 693                       | 3,560                      | 12,445            | 28,250              |
| Professional development  | 10,020               | 33,103              | 13,039                    | 26,267                     | 1,073             | 83,502              |
| Professional services   | 23,911               | 6,015               | 7,001                     | 43,902                     | 29,916            | 110,745             |
| Rent  | (217)                | -                   | 65,190                    | -                          | -                 | 64,973              |
| Small tools and equipment   | 558                  | 21,302              | 11,587                    | 31,350                     | 938               | 65,735              |
| Supplies  | 32,292               | 12,279              | 25,430                    | 10,847                     | 108               | 80,956              |
| Temporary labor   | 69,763               | 18,589              | 36,299                    | 398                        | -                 | 125,049             |
| Telecommunications  | -                    | 5,736               | 4,612                     | 7,267                      | -                 | 17,615              |
| Travel  | 3,743                | 2,621               | 2,720                     | 171                        | 123               | 9,378               |
| Uncollectible accounts  | -                    | -                   | -                         | 55                         | -                 | 55                  |
| <b>Total expenses before depreciation and (gain) loss on disposal</b> | <b>1,236,937</b>     | <b>685,933</b>      | <b>1,037,259</b>          | <b>426,385</b>             | <b>365,781</b>    | <b>3,752,295</b>    |
| Depreciation  | 18,662               | 428,139             | 75,505                    | 2,439                      | 625               | 525,370             |
| (Gain) loss on disposal of property and equipment                     | -                    | 7,443               | -                         | -                          | 18,625            | 26,068              |
| <b>Total Operating Expenses</b>                                       | <b>\$ 1,255,599</b>  | <b>\$ 1,121,515</b> | <b>\$ 1,112,764</b>       | <b>\$ 428,824</b>          | <b>\$ 385,031</b> | <b>\$ 4,303,733</b> |

*See accompanying notes to financial statements.*

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Statements of Cash Flows

| Years Ended June 30,   | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>Operating Activities</b>  |                     |                     |
| Change in net assets   | \$ 2,074,376        | \$ 1,261,922        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                     |                     |
| Depreciation   | 512,782             | 525,370             |
| Loss on disposal of property and equipment   | 140,255             | 26,068              |
| Uncollectible accounts   | -                   | 55                  |
| Cash received on contributions restricted for long-term purposes                           | (670,953)           | (2,295,438)         |
| Realized and unrealized gain on investments  | (1,349,289)         | (284,286)           |
| Gain on extinguishment of debt   | (172,000)           | -                   |
| Collections  | 186,443             | 862                 |
| Changes in operating assets and liabilities  |                     |                     |
| Accounts and grants receivable   | (360,423)           | 616,119             |
| Promises to give   | 640,920             | 1,233,858           |
| Prepaid expenses   | 3,057               | 58,219              |
| Accounts payable   | (101,663)           | (67,950)            |
| Deferred revenue   | (41,420)            | (24,997)            |
| <b>Net Cash Provided by Operating Activities</b>   | <b>862,085</b>      | <b>1,049,802</b>    |
| <b>Investing Activities</b>  |                     |                     |
| Purchase of property and equipment   | (2,816,371)         | (3,384,852)         |
| Purchase of investments  | (3,031,652)         | (8,120,783)         |
| Purchase of collections  | (36,443)            | (862)               |
| Proceeds from sale of property and equipment   | 1,000               | 232,375             |
| Proceeds from sale of investments  | 2,444,851           | 7,385,988           |
| <b>Net Cash Used in Investing Activities</b>   | <b>(3,438,615)</b>  | <b>(3,888,134)</b>  |
| <b>Financing Activities</b>  |                     |                     |
| Proceeds from PPP loans  | 136,637             | 172,000             |
| Cash received on contributions restricted for long-term purposes                           | 670,953             | 2,295,438           |
| <b>Net Cash Provided by Financing Activities</b>   | <b>807,590</b>      | <b>2,467,438</b>    |
| <b>Net Decrease in Cash, Cash Equivalents, and Restricted Cash</b>                         | <b>(1,768,940)</b>  | <b>(370,894)</b>    |
| <b>Cash, Cash Equivalents and Restricted Cash, beginning of year</b>                       | <b>6,742,020</b>    | <b>7,112,914</b>    |
| <b>Cash, Cash Equivalents and Restricted Cash, end of year</b>                             | <b>\$ 4,973,080</b> | <b>\$ 6,742,020</b> |
| <b>Reconciliation to Statements of Financial Position</b>                                  |                     |                     |
| Cash and cash equivalents  | \$ 1,560,980        | \$ 1,367,055        |
| Restricted cash  | 3,412,100           | 5,374,965           |
| <b>Cash, Cash Equivalents and Restricted Cash, end of year</b>                             | <b>\$ 4,973,080</b> | <b>\$ 6,742,020</b> |
| <b>Supplemental Non-cash Investing and Financing Activities</b>                            |                     |                     |
| Collection expense from property and equipment   | \$ 150,000          | \$ -                |
| Pledge payment made with donated property and equipment                                    | \$ -                | \$ 250,000          |

*See accompanying notes to financial statements.*

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### 1. Nature of Organization

The Virginia Aquarium & Marine Science Center Foundation, Inc. (the “Foundation”) is a non-stock, nonprofit corporation. The mission of the Foundation is to inspire conservation of the marine environment through education, research and sustainable practices. The Foundation is supported primarily through educational programs and public support.

The City of Virginia Beach (COVB or the City) owns, operates and maintains the building (the Aquarium) that houses the Foundation’s exhibits.

### 2. Summary of Significant Accounting Policies

#### *Recently Adopted Authoritative Guidance*

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (“Topic 606”), which replaces numerous requirements in U.S. GAAP, including industry-specific requirements, and provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Effective July 1, 2020, the Foundation adopted ASC 606 using the modified retrospective method, where the cumulative effect of applying the standard was recognized in the opening balance of net assets. The cumulative effect of adopting ASC 606 was immaterial and no change was made to the 2021 opening balance of net assets.

#### *Basis of Presentation*

The financial statements of the Foundation are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting.

#### *Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

For purposes of the statements of financial position and cash flows, cash and cash equivalents are defined as demand deposits, certificate of deposits and all highly liquid debt instruments purchased with an original maturity of three months or less, other than those maintained as a part of investment portfolios.

#### *Restricted Cash*

Restricted cash consists of cash received by donors and board-designated transfers which are restricted for future exhibit, program or capital purposes.

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### *Accounts and Grants Receivable*

Management considers the need for an allowance for uncollectible accounts and grants receivable based on its review of receivables and historical collection experience. The Foundation writes off receivables as a charge to the allowance, when in their estimation, it is probable the receivable is worthless. Accounts and grants receivable are considered past due if payments are not received by the due date stated on the billing statement. Past due accounts are not charged a monthly finance charge. Management considers all accounts to be collectible and, accordingly, has not provided an allowance for uncollectible accounts.

### *Promises to Give*

Promises to give represent unconditional promises to give and are recorded at net realizable value. Promises to give to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible promises to give is provided based upon management's judgment. Conditional promises to give are not included as support until the conditions are substantially met.

### *Investments*

The Foundation's investments are carried at their fair value in the statements of financial position. Changes in fair value are included in the change in net assets in the statements of activities.

### *Property and Equipment*

Property and equipment are recorded at cost if purchased and at estimated fair value if donated. Asset purchases of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is calculated using the straight-line method based on the following useful lives:

|                        | Years      |
|------------------------|------------|
| Exhibits and equipment | 3-39 Years |
| Leasehold improvements | 7-25 Years |
| Vehicles               | 5 Years    |
| Vessels                | 5-20 Years |

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### *Collections*

In accordance with industry practice, the Foundation's collections of marine animals are not capitalized and recognized as assets in the statements of financial position. The Foundation holds its collections for public exhibition, education and research rather than for financial gain. It protects, cares for, preserves and keeps its collections unencumbered. Additionally, it is impracticable to attempt to assign values to the collection because the animals have certain attributes, such as species, sex, age, breeding potential, and relationship to others in the ecosystem that make it difficult to determine an objective basis for valuation. The cost of collection items purchased by the Foundation is reported in the accompanying statements of activities as collections. Contributed collection items are not reflected in the financial statements. The Foundation does not deaccession their marine animal collection.

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### ***Deferred Revenue***

Deferred revenue includes event deposits, program fees, and grant awards received in advance and will be recognized as revenue when the event occurs, or the grant expenses are incurred.

### ***Net Asset Classification***

The Foundation classifies its net assets into two categories as defined below:

**Net Assets without Donor Restrictions** - Net assets without donor restrictions consist of amounts available for the general operations of the Foundation as well as net assets that have been designated by the Board of Directors for specific purposes.

**Net Assets with Donor Restrictions** - Net assets with donor restrictions consist of gifts of cash or other assets whose use is subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use the income earned on the related investments for general or specific purposes. Donor restricted contributions whose purpose restrictions are met in the same reporting period are reported as net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions for operations or capital.

### ***Operating Measure***

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of items attributable to the Foundation's ongoing program services. Nonoperating activities are limited to resources that generate return from investments as well as other activities considered to be of a more unusual or nonrecurring nature.

### ***Functional Allocation of Expenses***

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Common costs incurred for the administration of the various programs are allocated directly to respective programs as incurred and/or utilizing predetermined allocation rates established by management. Other expenses are allocated based on estimates of time and effort.

### ***Volunteers***

A substantial number of unpaid volunteers have made significant contributions of their time and talent to further the mission of the Foundation. The value of these contributed services is not reported in these financial statements since it is not susceptible to objective measurement or valuation, and because the criteria for recognition of such volunteer effort have not been satisfied.

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### *Income Taxes*

The Foundation is an organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Exempt organizations are subject to tax on income from regularly conducted trade or business activities that are not substantially related to the organization's exempt purpose. Returns are generally subject to examinations for three years from the date filed. This period of limitations has expired for returns filed for tax years prior to 2017. Management continually evaluates tax positions reflected in the Foundation's tax filings and does not believe that any material uncertain tax positions exist.

### *Subsequent Events*

The Foundation has evaluated subsequent events through October 25, 2021, the date which the financial statements were available to be issued.

### **3. Related Party Transactions**

In April 2019, the Foundation amended and restated its operating agreement with the City. The agreement's initial five-year term expires in April 2024. In the absence of termination by any party, the agreement shall automatically be extended for successive terms of five years each. The Foundation owns all the animals and permanent exhibits located in the Aquarium which have been funded by the Foundation. The City agrees to insure and maintain exhibits designed, fabricated and installed in the Aquarium by the Foundation. The following summarizes the amounts related to this agreement included in these financial statements at and for the years ended June 30, 2021 and 2020.

| <i>June 30,</i>  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
| <b>Statements of Financial Position</b>                  |              |              |
| Accounts receivable                                      | \$ 355,814   | \$ 76,589    |
| Accounts payable   | \$ 81,498    | \$ 62,065    |
| <b>Statements of Activities</b>                          |              |              |
| Operating revenue  |              |              |
| Contributions, cash                                      | \$ 484,555   | \$ 190,860   |
| Contributions, noncash                                   | \$ 1,358,395 | \$ 1,396,072 |
| Temporary exhibit income                                 | \$ -         | \$ 190,363   |
| Operating expenses                                       |              |              |
| Salaries, payroll taxes and employee benefits, cash paid | \$ 689,398   | \$ 783,001   |
| Salaries, payroll taxes and employee benefits, noncash   | \$ 1,358,395 | \$ 1,396,072 |
| Contributions to COVB                                    | \$ 187,000   | \$ -         |
| Rent, Marine Animal Care Center                          | \$ 60,096    | \$ 65,190    |

The Foundation and the City are jointly funding two capital improvement projects to renovate and expand the Owls Creek Marsh Pavilion and build a new Darden Marine Animal Conservation Center. The Foundation has committed total funds of \$11,280,710 toward these two projects. The Foundation will own the permanent exhibits and equipment which will be constructed, funded or purchased as part of the improvement projects. As of June 30, 2021, the Foundation has paid the City \$11,280,710 in connection with these projects, including \$2,530,710 in 2021, and \$2,750,000 in 2020. There is no remaining commitment owed to the City as of June 30, 2021.



# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### 4. Revenue Recognition

The Foundation generates revenue primarily from grants, programs, and concessions. The Foundation recognizes revenue as transfer of promised goods and services to the customer occurs.

#### *Grant Revenue*

The Foundation receives grant revenue primarily derived from federal grants. The performance obligation varies depending on the services requested in the agreement, such as surveys or research projects. The transaction price is determined when the grant is received and is allocated over the performance obligations on a cost reimbursement model, where transaction price is proportionate to expenditures required for each performance obligation. Grant revenue is recognized over time using the input method as expenditures are incurred towards satisfaction of performance obligations. Payment terms vary by federal government guidelines.

#### *Program Revenue*

The Foundation has various educational programs which generate revenue including boat programs, classroom programs, and other opportunities which allow members of the public to learn about marine ecosystems. The Foundation sells tickets to various programs which represent the contract. There is only one performance obligation per ticket which includes the transaction price and is fixed upon sale. Program revenue is recognized over time as the program services are provided. Tickets bought prior to the date of the educational experience represent deferred revenue until the experience occurs. Payment terms are immediate upon purchase and are non-refundable.

#### *Concessions*

The Foundation receives revenue based on specified agreements with third party vendors in exchange for their operation within the Aquarium. The Foundation provides the space for vendors to run their business in exchange for a specified percentage of the concessionaire's gross revenue. The transaction price is the commission outlined in each individual contract. Vendors simultaneously receive and consume the benefits of occupying the space provided by the Foundation, and accordingly, revenue is recognized over time as sales occur. Payment terms are net 30, with billing occurring monthly.

Revenue recognized in the statements of activities is considered to be revenue from contracts with customers in accordance with ASC Topic 606 with the exception of contributions, fundraising events, and temporary exhibit income which are all within the scope of Topic 958, Not-for-Profit Entities. Facility rental income would also be an exception to ASC Topic 606, as this stream falls within the scope of ASC Topic 840.

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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The following table disaggregates the Foundation's revenue recognized under ASC 606 based on the satisfaction of performance obligations and timing of transfer of services.

*June 30, 2021*

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|                              |                     |
|------------------------------|---------------------|
| Revenue recognized over time |                     |
| Grant revenue                | \$ 153,780          |
| Concessions                  | 746,803             |
| Program revenue              | 694,138             |
| <b>Total</b>                 | <b>\$ 1,594,721</b> |

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### 5. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

| <i>June 30,</i>  | 2021                | 2020                |
|--|---------------------|---------------------|
| Cash and cash equivalents  | \$ 1,560,980        | \$ 1,367,055        |
| Accounts receivable, net   | 509,413             | 170,512             |
| Grants receivable  | 65,082              | 43,560              |
| Promises to give, net  | 1,707,734           | 2,348,654           |
| Investments  | 7,008,038           | 5,071,948           |
| Restricted cash  | 3,412,100           | 5,374,965           |
| <b>Total Financial Assets</b>  | <b>14,263,347</b>   | <b>14,376,694</b>   |
| Adjustments for amounts not available for general expenditures within one year   |                     |                     |
| Net assets with donor restrictions   | (5,998,614)         | (8,204,736)         |
| Board-designated net assets  | (5,556,892)         | (4,209,178)         |
| Endowment spending distributions   | 148,666             | 126,136             |
| <b>Total Financial Assets Available for General Expenditures within one year</b> | <b>\$ 2,856,507</b> | <b>\$ 2,088,916</b> |

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As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

### 6. Promises to Give

Promises to give consist of the following:

| <i>June 30,</i>  | 2021                | 2020                |
|--|---------------------|---------------------|
| Receivable in less than one year                                   | \$ 1,135,010        | \$ 1,522,031        |
| Receivable in 1 - 5 years  | 301,921             | 642,731             |
| Receivable in more than 5 years                                    | 670,000             | 670,000             |
| <b>Total promises to give</b>                                      | <b>2,106,931</b>    | <b>2,834,762</b>    |
| Less discounts to net present value<br>(ranging from .43% - 6.83%) | (348,219)           | (401,397)           |
| Less allowance for doubtful accounts                               | (50,978)            | (84,711)            |
| <b>Total Promises to Give, net</b>                                 | <b>\$ 1,707,734</b> | <b>\$ 2,348,654</b> |

### 7. Property and Equipment

Property and equipment consist of the following:

| <i>June 30,</i>                    | 2021                 | 2020                 |
|------------------------------------|----------------------|----------------------|
| Exhibits and equipment             | \$ 16,469,897        | \$ 14,250,069        |
| Leasehold improvements             | 210,891              | 114,727              |
| Vehicles                           | 246,494              | 274,350              |
| Vessels                            | 589,921              | 590,921              |
| Construction in progress           | 9,317,155            | 9,555,178            |
| <b>Total</b>                       | <b>26,834,358</b>    | <b>24,785,245</b>    |
| Less accumulated depreciation      | (7,413,911)          | (7,377,132)          |
| <b>Property and Equipment, net</b> | <b>\$ 19,420,447</b> | <b>\$ 17,408,113</b> |

### 8. Investment Income

Net investment income consists of the following:

| <i>Years ended June 30,</i>          | 2021                | 2020              |
|--------------------------------------|---------------------|-------------------|
| Interest and dividends, net          | \$ 66,881           | \$ 142,368        |
| Realized gain on sale of investments | 373,528             | 235,817           |
| Unrealized gain on investments       | 975,761             | 48,469            |
| <b>Total Investment Income, net</b>  | <b>\$ 1,416,170</b> | <b>\$ 426,654</b> |

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

### 9. Fair Value Measurements

The Foundation's investments are valued using a fair value hierarchy. The three levels of fair value hierarchy for recurring fair value measurements are prioritized based on the inputs to valuation techniques used to measure fair value and are as follows:

- **Level 1** - quoted prices in active markets for identical assets.
- **Level 2** - observable inputs that include quoted market prices for similar assets; quoted market prices that are not in an active market; or other inputs that are observable and can be corroborated by observable market data for substantially the full term of the assets.
- **Level 3** - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

The following tables present the Foundation's investments at fair value on a recurring basis for each hierarchy level:

| <i>June 30, 2021</i>     | Level 1             | Level 2             | Level 3     | Total               |
|--------------------------|---------------------|---------------------|-------------|---------------------|
| Money market             | \$ 126,119          | \$ -                | \$ -        | \$ 126,119          |
| Equities                 | 5,856,538           | -                   | -           | 5,856,538           |
| Corporate bonds          | -                   | 865,540             | -           | 865,540             |
| Government bonds         | -                   | 159,841             | -           | 159,841             |
| <b>Total Investments</b> | <b>\$ 5,982,657</b> | <b>\$ 1,025,381</b> | <b>\$ -</b> | <b>\$ 7,008,038</b> |

| <i>June 30, 2020</i>     | Level 1             | Level 2           | Level 3     | Total               |
|--------------------------|---------------------|-------------------|-------------|---------------------|
| Money market             | \$ 69,393           | \$ -              | \$ -        | \$ 69,393           |
| Equities                 | 4,328,305           | -                 | -           | 4,328,305           |
| Fixed income             | -                   | 351,856           | -           | 351,856             |
| Corporate bonds          | -                   | 322,394           | -           | 322,394             |
| <b>Total Investments</b> | <b>\$ 4,397,698</b> | <b>\$ 674,250</b> | <b>\$ -</b> | <b>\$ 5,071,948</b> |

Money market funds and equities are valued at the closing price reported by the active market in which the individual securities are traded. Fixed income securities, corporate bonds and government bonds are calculated using quoted market prices for similar assets.

### 10. Notes Payable

The Foundation applied for and received funds under the first and second rounds of the Paycheck Protection Program in the amounts of \$172,000 and \$136,637 for the years ended June 30, 2021 and 2020, respectively (see Note 17). The initial loan was forgiven in full in March 2021. The \$136,637 note payable at June 30, 2021 is unsecured and accrues interest at 1%. Beginning July 2022, monthly installments of \$2,277 in principal plus interest will be due and payable through June 2027. The loan is to be used for business-related purposes, and eligibility for forgiveness will be based on documentation of qualifying expenses to include payroll costs, mortgage interest payments, rent payments, and utilities.

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### 11. Board-Designated Net Assets

Board-designated net assets consists of unrestricted income which the board has designated for operating and capital reserves and include quasi-endowment funds. These board-designated quasi-endowment funds follow the spending policy of the Foundation's endowments. Since all board-designated net assets result from an internal designation, they are not considered net assets with donor restrictions, but are classified and reported as net assets without donor restrictions.

Board-designated net assets are available for the following purposes:

| <i>June 30,</i>                          | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|
| Operating reserves                       | \$ 1,036,037        | \$ 1,035,912        |
| Capital reserves                         | 3,543,619           | 2,384,124           |
| Board-designated endowment               | 977,236             | 789,142             |
| <b>Total Board-Designated Net Assets</b> | <b>\$ 5,556,892</b> | <b>\$ 4,209,178</b> |

### 12. Net Assets with Donor Restrictions

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

| <i>June 30,</i>                                 | <b>2021</b>         | <b>2020</b>         |
|---|---------------------|---------------------|
| Restricted for specific purpose                 |                     |                     |
| Capital   | \$ 1,645,536        | \$ 4,488,866        |
| Education                                       | 184,619             | 182,465             |
| Endowment earnings                              | 1,030,069           | 449,099             |
| Exhibits  | 150,040             | 161,133             |
| Research and conservation                       | 542,419             | 616,755             |
| Other   | 383,342             | 243,829             |
| <b>Total restricted for specific purpose</b>    | <b>3,936,025</b>    | <b>6,142,147</b>    |
| Restricted in perpetuity                        |                     |                     |
| Education                                       | 552,444             | 551,929             |
| Exhibits  | 500,000             | 500,000             |
| Research and conservation                       | 850,000             | 850,000             |
| Other   | 160,145             | 160,660             |
| <b>Total restricted in perpetuity</b>           | <b>2,062,589</b>    | <b>2,062,589</b>    |
| <b>Total Net Assets with Donor Restrictions</b> | <b>\$ 5,998,614</b> | <b>\$ 8,204,736</b> |

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### 13. Net Assets Released from Restrictions

Net assets of the Foundation were released from donor restrictions by satisfying the purposes or time restrictions specified by donors as follows:

| <i>Years ended June 30,</i>                        | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|
| Capital  | \$ 2,931,624        | \$ 3,200,579        |
| Education  | 114,956             | 210,464             |
| Exhibits   | 48,442              | 49,209              |
| Research and conservation                          | 288,531             | 232,068             |
| Stranding  | 182,353             | 180,519             |
| Other  | 336,611             | 139,221             |
| <b>Total Net Assets Released from Restrictions</b> | <b>\$ 3,902,517</b> | <b>\$ 4,012,060</b> |

The related net assets released are presented in the statements of activities as follows:

| <i>Years ended June 30,</i>                        | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|
| Net assets released for operations                 | \$ 1,086,332        | \$ 802,708          |
| Net assets released for capital purchases          | 2,816,185           | 3,209,352           |
| <b>Total Net Assets Released from Restrictions</b> | <b>\$ 3,902,517</b> | <b>\$ 4,012,060</b> |

### 14. Endowments

The Foundation's endowment consists of seven individual donor-restricted funds held with the Foundation for the purpose of attracting other donors who wish to support the work of the Foundation in perpetuity through gifts to the endowment and one fund without donor restriction that has been designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### ***Governing Board's Interpretation of Law***

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Foundation and the donor-restricted fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Foundation;
- (7) The investment policies of the Foundation.

### **Spending Policy**

The distribution policy of the Foundation is to annually distribute up to the distribution percentage of the three-year average market value of the endowment. The distribution percentage will be computed as the three-year average annual fiscal year return of total income less the three-year average Consumer Price Index (CPI). The distribution percentage will have a minimum floor of 2.5% and a maximum of 5%. If in any one year, the full spending rate is not expended, the unspent portion carries forward and is added to subsequent year's spending rate.

### **Investment Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to maintain the purchasing power of current assets, maximize return with a reasonable and prudent level of risk and to minimize the costs of administering and managing the assets. Under these policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that achieve long-term real rate of return of assets of not less than 5% after inflation. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation reviews and rebalances the assets no less than quarterly. The Foundation targets a diversified asset allocation that places a greater emphasis on liquid securities, securities that can be sold quickly and efficiently with minimal impact of market price.

### **Underwater Endowment Funds**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor and UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2021 and 2020.

Endowment net asset composition by type of fund is as follows:

| <i>June 30, 2021</i>  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Board-designated endowment funds                            | \$ 977,236                    | \$ -                       | \$ 977,236          |
| Amounts required to be maintained in<br>perpetuity by donor | -                             | 2,062,589                  | 2,062,589           |
| Accumulated investment gains                                | -                             | 1,030,069                  | 1,030,069           |
| <b>Total Endowment Funds</b>                                | <b>\$ 977,236</b>             | <b>\$ 3,092,658</b>        | <b>\$ 4,069,894</b> |

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

| <i>June 30, 2020</i>  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Board-designated endowment funds                            | \$ 789,142                    | \$ -                       | \$ 789,142          |
| Amounts required to be maintained in<br>perpetuity by donor | -                             | 2,062,589                  | 2,062,589           |
| Accumulated investment gains                                | -                             | 449,099                    | 449,099             |
| <b>Total Endowment Funds</b>                                | <b>\$ 789,142</b>             | <b>\$ 2,511,688</b>        | <b>\$ 3,300,830</b> |

Changes in endowment net assets are as follows:

|                               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|-------------------------------|-------------------------------|----------------------------|---------------------|
| Balance, June 30, 2019        | \$ 50,000                     | \$ 2,547,074               | \$ 2,597,074        |
| Contributions                 | 739,142                       | 11,039                     | 750,181             |
| Investment income, net        | -                             | 79,711                     | 79,711              |
| Expenditures                  | -                             | (126,136)                  | (126,136)           |
| Balance, June 30, 2020        | 789,142                       | 2,511,688                  | 3,300,830           |
| Contributions                 | 154,931                       | -                          | 154,931             |
| Investment income, net        | 39,790                        | 723,009                    | 762,799             |
| Expenditures                  | (6,627)                       | (142,039)                  | (148,666)           |
| <b>Balance, June 30, 2021</b> | <b>\$ 977,236</b>             | <b>\$ 3,092,658</b>        | <b>\$ 4,069,894</b> |

### 15. Noncash Contributions

The estimated fair value of noncash contributions included in the financial statements for the years ended June 30, 2021 and 2020 are as follows:

| <i>Years ended June 30,</i>                 | 2021                | 2020                |
|---|---------------------|---------------------|
| Salaries                                    | \$ 1,027,236        | \$ 1,084,275        |
| Payroll taxes                               | 69,726              | 71,666              |
| Employee benefits                           | 261,433             | 240,131             |
| <b>Total personnel</b>                      | <b>1,358,395</b>    | <b>1,396,072</b>    |
| Contractual services                        | -                   | 20,028              |
| Professional services                       | 14,650              | -                   |
| Supplies                                    | 34,082              | 4,999               |
| <b>Total noncash materials and services</b> | <b>48,732</b>       | <b>25,027</b>       |
| <b>Total Noncash Contributions</b>          | <b>\$ 1,407,127</b> | <b>\$ 1,421,099</b> |



# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### 16. Concentrations

At various times during the years presented, the Foundation may have had on deposit with a single financial institution more than \$250,000, which is the basic limit currently insured by the Federal Deposit Insurance Corporation (FDIC).

Investments are subject to market risk which is dependent on the future changes in market prices of the various investments held.

### 17. Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, donors, industry, and workforce. Management is actively involved in monitoring the impact related to the collectability of promises to give as it represents a significant asset to the Foundation. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate further effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in 2022. Although the Foundation cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Foundation’s results of future operations, financial position, and liquidity in 2022.

On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Foundation applied for and received funds under the first and second rounds of the Paycheck Protection Program in the amounts of \$172,000 and \$136,637 for the years ended June 30, 2021 and 2020, respectively (see Note 10). The initial loan was forgiven in full in March 2021. The application for these funds required the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further required the Foundation to take into account the Foundation’s current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

# Virginia Aquarium & Marine Science Center Foundation, Inc.

## Notes to Financial Statements

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### **18. Reclassifications**

Certain amounts in the 2020 financial statements have been reclassified to conform to the current year financial statement presentation. These reclassifications had no effect on financial position or operating results as previously reported.