

**SOUTH FLORIDA SCIENCE CENTER  
AND AQUARIUM, INC.**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**For the Year Ended  
September 30, 2017  
(with comparable totals for 2016)**

## TABLE OF CONTENTS

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5-6
Statement of Functional Expenses	7
<b>NOTES TO FINANCIAL STATEMENTS</b>	8-15
<b>REPORT ON INTERNAL CONTROL AND COMPLIANCE</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing     Standards</i>	16-17
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues and Expenses Operations and Capital Project	18
Schedule of Program Services	19
Graphs of Current Year Revenues and Current Year Expenses by Department	20-21



# Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

125 Butler Street • West Palm Beach, FL 33407

(561) 689-6000 • Fax (561) 689-6001 • [www.holyfieldandthomas.com](http://www.holyfieldandthomas.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
South Florida Science Center and Aquarium, Inc.  
West Palm Beach, Florida

We have audited the accompanying financial statements of South Florida Science Center and Aquarium, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Florida Science Center and Aquarium, Inc. as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2018, on our consideration of South Florida Science Center and Aquarium, Inc.'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 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 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 Florida Science Center and Aquarium, Inc.'s internal control over financial reporting and compliance.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and expenses – operations and capital project, schedule of program services, and graphs of current year revenues and current year expenses by department, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Report on Summarized Comparative Information**

We have previously audited the September 30, 2016 financial statements, and our report dated March 2, 2017, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
April 2, 2018

**SOUTH FLORIDA SCIENCE CENTER  
AND AQUARIUM, INC.**

**STATEMENT OF FINANCIAL POSITION**

*As of September 30, 2017*

*(with comparable totals for 2016)*

<b>ASSETS</b>	Unrestricted	Temporarily Restricted	2017 Totals	2016 Totals
Cash and cash equivalents	\$ 480,050	\$ 128,609	\$ 608,659	\$ 852,556
Accounts receivable	184,740	-	184,740	89,267
Contributions receivable, current	16,500	15,000	31,500	15,000
Inventory	13,177	-	13,177	12,388
Prepaid expenses	89,051	-	89,051	70,179
Deposits	181,291	-	181,291	80,000
<b>Total current assets</b>	<b>964,809</b>	<b>143,609</b>	<b>1,108,418</b>	<b>1,119,390</b>
Contributions receivable	-	75,000	75,000	90,000
Property, plant and equipment, net	5,117,770	-	5,117,770	4,541,641
Exhibits and collections	2,577,659	-	2,577,659	2,193,974
<b>Total assets</b>	<b>\$ 8,660,238</b>	<b>\$ 218,609</b>	<b>\$ 8,878,847</b>	<b>\$ 7,945,005</b>
 <b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ 159,107	\$ -	\$ 159,107	\$ 134,458
Accrued expenses	77,517	-	77,517	69,568
Deferred revenue	22,233	-	22,233	21,349
Refundable advances	97,009	-	97,009	241,250
Current portion of notes payable	201,650	-	201,650	160,649
<b>Total current liabilities</b>	<b>557,516</b>	<b>-</b>	<b>557,516</b>	<b>627,274</b>
Notes payable	414,658	-	414,658	478,622
<b>Total liabilities</b>	<b>972,174</b>	<b>-</b>	<b>972,174</b>	<b>1,105,896</b>
<b>Net assets</b>	<b>7,688,064</b>	<b>218,609</b>	<b>7,906,673</b>	<b>6,839,109</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,660,238</b>	<b>\$ 218,609</b>	<b>\$ 8,878,847</b>	<b>\$ 7,945,005</b>

*See accompanying notes to financial statements.*

**SOUTH FLORIDA SCIENCE CENTER  
AND AQUARIUM, INC.**

**STATEMENT OF ACTIVITIES**

***For the Year Ended September 30, 2017***

***(with comparable totals for 2016)***

	Unrestricted	Temporarily Restricted	2017 Totals	2016 Totals
Support and revenues:				
Governmental support	\$ 615,548	\$ -	\$ 615,548	\$ 278,684
Private gifts and grants	1,250,674	223,000	1,473,674	1,486,224
Special events	341,692	-	341,692	347,413
Educational programs	552,027	-	552,027	487,650
Admissions	1,512,440	-	1,512,440	1,164,573
Science Center store	166,710	-	166,710	165,647
Membership dues	263,070	-	263,070	220,283
In-kind contributions	35,046	-	35,046	35,335
Other income	46,212	-	46,212	51,248
	<u>4,783,419</u>	<u>223,000</u>	<u>5,006,419</u>	<u>4,237,057</u>
Net assets released from restrictions	<u>348,510</u>	<u>(348,510)</u>	<u>-</u>	<u>-</u>
	<u>5,131,929</u>	<u>(125,510)</u>	<u>5,006,419</u>	<u>4,237,057</u>
Expenses:				
Program services:				
Aquarium	295,194	-	295,194	264,053
Education	968,004	-	968,004	835,394
Exhibits	1,149,520	-	1,149,520	1,057,308
Guest services	292,075	-	292,075	249,996
Museum store	121,549	-	121,549	115,726
	<u>2,826,342</u>	<u>-</u>	<u>2,826,342</u>	<u>2,522,477</u>
Supporting activities:				
Management and general:				
Administration	524,776	-	524,776	529,218
Maintenance	98,906	-	98,906	85,111
Marketing	103,079	-	103,079	93,409
	<u>726,761</u>	<u>-</u>	<u>726,761</u>	<u>707,738</u>
Development/fundraising	<u>296,790</u>	<u>-</u>	<u>296,790</u>	<u>240,087</u>
Total expenses	<u>3,849,893</u>	<u>-</u>	<u>3,849,893</u>	<u>3,470,302</u>
Loss on disposal of exhibits and collections	<u>88,962</u>	<u>-</u>	<u>88,962</u>	<u>-</u>
Total expenses and loss	<u>3,938,855</u>	<u>-</u>	<u>3,938,855</u>	<u>3,470,302</u>
Change in net assets	1,193,074	(125,510)	1,067,564	766,755
Net assets, beginning	<u>6,494,990</u>	<u>344,119</u>	<u>6,839,109</u>	<u>6,072,354</u>
Net assets, ending	<u>\$ 7,688,064</u>	<u>\$ 218,609</u>	<u>\$ 7,906,673</u>	<u>\$ 6,839,109</u>

*See accompanying notes to financial statements.*

**SOUTH FLORIDA SCIENCE CENTER  
AND AQUARIUM, INC.**

**STATEMENT OF CASH FLOWS**

***For the Year Ended September 30, 2017***

***(with comparable totals for 2016)***

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from:		
Governmental support	\$ 541,780	\$ 387,066
Private gifts and grants	1,306,228	1,487,841
Program services	2,240,901	1,814,210
Membership and special events	595,922	558,026
Cash paid to vendors and employees	(3,712,393)	(3,124,493)
Interest paid	(32,108)	(35,704)
Other income	46,212	51,248
	<u>986,542</u>	<u>1,138,194</u>
Cash flows from investing activities:		
Decrease in deposits	-	3,710
Purchase of property and equipment	(1,194,651)	(494,716)
Payments for exhibit and collection items	(12,825)	(51,380)
	<u>(1,207,476)</u>	<u>(542,386)</u>
Cash flows from financing activities:		
Advances from notes payable	542,458	130,710
Repayments of notes payable	(565,421)	(177,751)
	<u>(22,963)</u>	<u>(47,041)</u>
Net change in cash	(243,897)	548,767
Cash and cash equivalents, beginning	<u>852,556</u>	<u>303,789</u>
Cash and cash equivalents, ending	<u>\$ 608,659</u>	<u>\$ 852,556</u>

*See accompanying notes to financial statements.*

**SOUTH FLORIDA SCIENCE CENTER  
AND AQUARIUM, INC.**

**STATEMENT OF CASH FLOWS**

***For the Year Ended September 30, 2017***

***(with comparable totals for 2016)***

	<u>2017</u>	<u>2016</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 1,067,564	\$ 766,755
Adjustments to reconcile change in net cash to net cash provided by operating activities:		
Depreciation	184,242	180,939
Donated assets	(25,542)	-
Loss on disposal of exhibits and collections	88,962	-
(Increase) decrease in certain assets:		
Accounts receivable	(95,473)	(44,156)
Contributions receivable	(1,500)	15,000
Inventory	(789)	(645)
Prepaid expenses	(18,872)	(12,505)
Deposits	(101,291)	102,466
Increase (decrease) in certain liabilities:		
Accounts payable	24,649	(10,440)
Accrued expenses	7,949	14,955
Deferred revenue	884	(13,330)
Refundable advances	(144,241)	139,155
Net cash provided by operating activities	<u>\$ 986,542</u>	<u>\$ 1,138,194</u>

*See accompanying notes to financial statements.*



**SOUTH FLORIDA SCIENCE CENTER  
AND AQUARIUM, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

***For the Year Ended September 30, 2017***

***(with comparable totals for 2016)***

	Program Services	Supporting Activities		2017 Totals	2016 Totals
		Management and General	Development / Fundraising		
Salaries	\$ 1,041,289	\$ 300,919	\$ 71,936	\$ 1,414,144	\$ 1,390,003
Employee benefits	159,998	53,396	10,359	223,753	207,686
<b>Total salaries and related benefits</b>	<b>1,201,287</b>	<b>354,315</b>	<b>82,295</b>	<b>1,637,897</b>	<b>1,597,689</b>
Advertising and marketing	92,968	26,716	8,665	128,349	122,208
Bank and credit card fees	126	83,637	-	83,763	64,221
Contract services	230,603	50,304	-	280,907	151,496
Cost of sales	66,556	-	-	66,556	67,716
Dues and subscriptions	-	8,818	295	9,113	11,417
Exhibit fees and rentals	233,900	-	-	233,900	310,760
Facility rentals and costs	-	-	185,968	185,968	136,149
Insurance	77,539	11,247	-	88,786	78,029
Interest	-	32,108	-	32,108	35,704
Maintenance and repairs	90,147	15,132	582	105,861	53,935
Materials and supplies	429,748	47,360	15,438	492,546	363,803
Other costs	23,175	13,585	773	37,533	32,363
Other fees and rentals	18,125	3,199	-	21,324	18,627
Postage and shipping	6,431	8,243	1,324	15,998	13,957
Printing	22,803	3,361	1,325	27,489	31,825
Professional fees	66,975	17,529	-	84,504	84,421
Telephone	9,461	1,670	-	11,131	12,328
Travel	8,282	5,787	125	14,194	7,497
Utilities	91,611	16,113	-	107,724	95,218
<b>Total expenses before depreciation</b>	<b>2,669,737</b>	<b>699,124</b>	<b>296,790</b>	<b>3,665,651</b>	<b>3,289,363</b>
Depreciation expense	156,605	27,637	-	184,242	180,939
<b>Total functional expenses</b>	<b>\$ 2,826,342</b>	<b>\$ 726,761</b>	<b>\$ 296,790</b>	<b>\$ 3,849,893</b>	<b>\$ 3,470,302</b>

*See accompanying notes to financial statements.*

*For the Year Ended September 30, 2017*

---

1. **Summary of Significant Accounting Policies**

*Nature of Organization*

The South Florida Science Center and Aquarium, Inc. (Science Center) was founded in 1959 in order to meet a growing need for science and technology education in Palm Beach County. The Science Center's mission statement is "To open every mind to science." To that end, the Science Center provides many hands-on type exhibits from its permanent collection, hosts many temporary and traveling exhibits, and houses a planetarium and a gallery of aquariums.

The Science Center's programs also include many outreach activities, as well as summer camp and home school classes.

*Basis of Accounting*

The financial statements of the Science Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Support is recognized when received, revenues are recognized when earned, and expenses are recognized when incurred. The significant accounting policies followed by the Science Center are described below to enhance the usefulness of the financial statements to the reader.

*Financial Statement Presentation*

In accordance with FASB Accounting Standards Codification (FASB ASC) 958-605, *Not-for-Profit Entities, Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

The following paragraphs describe the three classes of net assets:

Unrestricted Net Assets: this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transaction (except income and gains on assets that are restricted by donors or by law) are included in the unrestricted by class.

Temporarily Restricted Net Assets: this classification includes those net assets whose use by the Science Center has been limited by donors to either later periods of time, or after specified dates, or for a specified purpose.

Permanently Restricted Net Assets: this classification includes those net assets that must be maintained by the Science Center in perpetuity. Permanently restricted net assets increase when the Science Center receives contributions for which donor-imposed restrictions limiting the Science Center's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the Science Center meeting certain requirements. The Science Center had no permanently restricted net assets as of September 30, 2017.

For the Year Ended September 30, 2017

---

1. Summary of Significant Accounting Policies, continued

*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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Fair Value of Financial Instruments*

The Science Center follows FASB ASC 820-10, *Fair Value Measurement and Disclosures*, which provides a common definition of fair value, establish a framework to measure fair value within accounting principles generally accepted in the United States of America, and expand the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs. As of September 30, 2017, the Science Center did not have financial instruments measured at fair value on a recurring basis.

The following methods and assumptions were used by the Science Center in estimating fair value of financial instruments that are not disclosed under ASC 820-10.

*Cash and Cash Equivalents:* The carrying amount reported approximates fair value.

*Accounts and Contributions Receivable:* The carrying amount approximates fair value due to the relative size, timing and amounts to be collected.

*Accounts Payable and Accrued Expenses:* The carrying amount reported approximates fair value due to the short-term duration of the instruments.

*Notes Payable:* The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

*Comparative Financial Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Science Center's financial statements for the year ended September 30, 2016, from which the summarized information was derived. Certain 2016 amounts may have been reclassified to conform to 2017 classifications. Such reclassifications have no effect on the change in net assets as previously reported.

***For the Year Ended September 30, 2017***

---

**1. Summary of Significant Accounting Policies, continued**

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Science Center considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

*Accounts Receivable*

Accounts receivable consist of amounts due to the Science Center under a local government grant and promises to give from other agencies. Provisions for doubtful accounts as of September 30, 2017 was deemed unnecessary because the amounts are considered to be fully collectible.

*Contributions Receivable*

Contributions receivable are recognized as support and as assets in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions receivable arise from various donors and are deemed fully collectible.

*Inventory*

Inventories consist of items held for resale in the Science Center store, and are stated at the lower of cost (first-in, first-out method) or market.

*Deposits*

Deposits consist of payments made for future exhibits and events.

*Property, Plant, and Equipment*

The Science Center capitalizes property, plant and equipment that costs in excess of \$1,000 and that has a useful life of one year or more. Depreciation is computed on the straight-line method over the estimated useful lives of assets, ranging from 5 - 40 years. The value of property, plant and equipment acquired prior to 1973 is recorded based on the estimated historical cost, using a 1973 appraisal of the Science Center's property. Donated property, plant and equipment is recorded at the fair market value at date of donation. All other assets are recorded at cost.

*Exhibits and Collections*

The Science Center capitalizes its exhibits and collections that are held for public exhibition and educational purposes. The items in the collection are recorded at cost if purchased, or at fair value if donated. In accordance with common policies regarding museum collections, these items are not depreciated.

*Accrued Expenses*

Accrued expenses consist of accrued payroll.

*For the Year Ended September 30, 2017*

---

1. *Summary of Significant Accounting Policies, continued*

*Refundable Advances*

The Science Center has reimbursement arrangements with various grantors whereby the Science Center receives funds ahead of the expenditures. In accordance with the terms of these arrangements, any funds that are not spent within the contract period must be refunded to the grantors.

*Support and Revenues*

In accordance with FASB ASC 958-605, contributions received, including unconditional promises, are recognized as income when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Governmental support consists of \$431,908 from the Florida Department of State, Division of Cultural Affairs, and \$183,640 from the Palm Beach County Tourist Development Council and Cultural Council.

Program service fees are recognized as revenue in the period in which the related services commence. Fees collected prior to the commencement of the program are recorded as deferred revenue.

Membership dues are recognized when received.

Admission revenue is recognized when tickets are sold. Special events revenue is recognized as revenue at the time of the event. Tickets sold prior to the event are recorded as deferred revenue.

The Science Center receives various grants from federal, state, local and private agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenues from grants are deemed earned and recognized in the Statement of Activities when expenditures are incurred for the purposes specified.

*In-kind Contributions*

In accordance with FASB ASC 958-605, the Science Center records the value of those donated services that require specialized skills and that would typically need to be purchased if not provided by donation. These services support the major activities of the Science Center including education, planetarium and aquarium programs. During the year ended September 30, 2017, the Science Center received donated assets, such as materials and supplies and other non-cash donations, which are recorded as contributions at their estimated fair value at the date of donation. The total amount of donated services and assets received during the year ended September 30, 2017, amounted to \$35,046. This amount is recognized as both revenue, under the caption of in-kind contributions, and as property, plant and equipment (\$25,542) in the Statement of Financial Position and various expenses (\$9,504) in the Statement of Activities and Statement of Functional Expenses.

*For the Year Ended September 30, 2017*

---

1. *Summary of Significant Accounting Policies, continued*

*Expenses*

Expenses are summarized according to program services and supporting services in the Statement of Activities, and according to functional classification in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Advertising*

The Science Center's advertising is primarily non-direct, and such cost is expensed as incurred. During the year ended September 30, 2017, the Science Center incurred \$128,349 in advertising cost, which is reported as advertising and marketing in the Statement of Functional Expenses.

*Income Taxes*

The Science Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and has been classified as publically supported organizations that are not private foundations under Section 509(a) of the Code. However, the Science Center is subject to tax on unrelated business income, which arises from a third-party rental activity that is not related to the Science Center's stated exempt purposes. The Science Center does not believe there is any material tax liability due in connection with this rental and there is no significant deferred income tax asset or liability as of September 30, 2017.

The Science Center follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Science Center assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Science Center uses the prescribed more likely than not threshold when making its assessment. For the year ended September 30, 2017, the Science Center did not accrue any interest expense or penalties related to tax positions, and there are no open Federal or State tax years currently under audit.

*Recent Accounting Pronouncements*

The Financial Accounting Standards Board recently issued several Accounting Standards Updates (ASUs) that affect the accounting and reporting of not-for-profit entities. The FASB issued ASU 2016-02, *Leases* (Topic 842), which does not take effect until the Science Center's fiscal year ending September 30, 2021, and provides new guidance for leases, such that virtually all leases will be capitalized and create "right of use" assets along with associated liabilities. This standard will impact the interpretation of certain transactions of the Science Center. ASU 2016-14, *Not-for-Profit Entities* (Topic 958), imposes new requirements for the presentation and disclosure of not-for-profit financial statements, including a reduction in the number of net asset categories from 3 classes to 2 classes, a requirement to present a statement of functional expenses, a requirement to disclose the quantitative and qualitative aspects of its liquidity, in addition to other provisions. This ASU will be effective for the Science Center's fiscal year ending September 30, 2019, with early implementation permitted. Management is evaluating the effect that these updated standards will have on the financial statements.

***For the Year Ended September 30, 2017***

---

**2. Contributions Receivable**

Contributions receivable are recorded for unconditional promises to be collected in subsequent years. Contributions receivable as of September 30, 2017, relate to the Science Center's capital campaign and are collectible over the next ten years. All of the contributions receivable are recorded as temporarily restricted assets in the Statement of Financial Position and consisted of the following amounts:

Receivables due in less than one year	\$ 31,500
Receivable in one to five years	60,000
Receivable in more than five years	<u>15,000</u>
Contributions receivable, net	<u>\$ 106,500</u>

Management believes that contributions receivable are fully collectible and, therefore, no allowance for uncollectible receivables was considered necessary. No discount is recorded for receivables due in more than one year as the amount of such discount is considered immaterial.

**3. Property, Plant and Equipment**

As of September 30, 2017, the Science Center's property, plant and equipment consisted of the following:

Building and land improvements	\$ 4,759,571
Equipment and machinery	371,432
Furniture and fixtures	43,454
Planetarium	372,302
Vehicle	95,557
Construction in progress	<u>234,752</u>
Total property, plant and equipment	5,877,068
Less accumulated depreciation	<u>759,298</u>
Property, plant and equipment, net	<u>\$ 5,117,770</u>

As of September 30, 2017, the Science Center's construction in progress consisted of the accumulated costs associated with the Backyard project and improvements for future exhibits.

**4. Exhibits and Collections**

Exhibits and collections consists of permanent exhibits (including the Aquarium, Science on a Sphere Exhibit, Florida Exhibit Hall, HAM Radio Station, and a Hurricane Simulator) and various displays and holdings of shells, gems and minerals, art works, and other miscellaneous items that have been either purchased, constructed, or received as donations. When these items are accessioned into the collection they are capitalized at cost or fair market value at date of donation and are nondepreciable in nature.

***For the Year Ended September 30, 2017***

---

**5. Notes Payable**

The Science Center has a \$500,000 line of credit extended by TD Bank. The line of credit carries an interest rate of 1% over the lender's prime rate (4.50% as of September 30, 2017) and is secured by all the Science Center's personal and real property. The line of credit expires on May 20, 2018, and management expects to renew this line for another year. As of September 30, 2017, there is \$416,805 available under this line of credit.

\$ 83,195

The Science Center has a \$250,000 note payable due to TD Bank. The note requires monthly installments of \$2,645, including principal and interest at a rate of 4.95%. The note is due on May 1, 2021, and is secured by all the Science Center's personal and real property.

180,440

The Science Center also has a \$3,000,000 note payable due to TD Bank used to finance the expansion of its current facility. The note requires monthly installments of \$4,693, including principal and interest at a rate of 4.98%. The note is due on May 1, 2021, and is secured by all the Science Center's personal and real property.

285,575

The Science Center has a note payable to a financing institution, secured by a vehicle. The note requires monthly installments of \$348 principal only. The note is due on March 28, 2022.

18,793

Note due to insurance premium finance company requiring monthly payments of principal and interest. The note is unsecured and requires monthly installments of \$6,892, including principal and interest at a rate of 5.50%. The note matures on May 1, 2018.

48,305

Total notes payable  
Less current portion

616,308  
201,650

Long term portion

\$ 414,658

Approximate maturities of the notes payable during the next five years are as follows:

Year ended  
September 30,

2018	\$ 201,650
2019	73,689
2020	77,232
2021	261,648
2022	<u>2,089</u>
	<u>\$ 616,308</u>



***For the Year Ended September 30, 2017***

---

**6. Temporarily Restricted Net Assets**

As of September 30, 2017, the Science Center held the temporarily restricted net assets for the purposes specified below. These programs and purposes are to be completed in future periods through use of segregated funds, other resources and normal Science Center operations.

Use Restriction:	
Education outreach programs	\$ 117,865
Capital projects	<u>10,744</u>
	128,609
Time Restriction:	
Contributions receivable	<u>90,000</u>
Total restricted net assets	<u>\$ 218,609</u>

**7. Pension Plan**

The Science Center offers a tax-sheltered annuity plan that complies with the provisions of Section 403(b) of the Internal Revenue Code. Substantially all employees are eligible to participate in this employee contributory plan. The Science Center did not make a contribution to this plan during the year ended September 30, 2017.

**8. Leases**

In June 2010, the Science Center renewed and extended its lease agreement with the City of West Palm Beach for the land on which the Science Center operates. The term of the lease is for fifty (50) years, expiring in July 2060, and requires a lease payment of ten dollars per year.

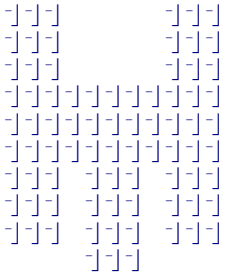
No in-kind contribution is recorded in the Statement of Activities to reflect the fair market value of this property rental because no objective basis is available for measurement.

**9. Concentration of Credit Risk**

The Science Center maintains its cash and cash equivalents in several accounts at select financial institution, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There was approximately \$305,000 of cash and cash equivalents that exceeded the federal insurance limit or that was uninsured as of September 30, 2017. The Science Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash and equivalents.

**10. Subsequent Events**

Management has evaluated subsequent events through April 2, 2018, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.



# Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

125 Butler Street • West Palm Beach, FL 33407

(561) 689-6000 • Fax (561) 689-6001 • [www.holyfieldandthomas.com](http://www.holyfieldandthomas.com)

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of  
South Florida Science Center and Aquarium, Inc.  
West Palm Beach, Florida

We have audited, in accordance with the 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, the financial statements of South Florida Science Center and Aquarium, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 2, 2018.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Florida Science Center and Aquarium, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Florida Science Center and Aquarium, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether South Florida Science Center and Aquarium, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
April 2, 2018

**SUPPLEMENTARY INFORMATION**

**SOUTH FLORIDA SCIENCE CENTER  
AND AQUARIUM, INC.**

**SCHEDULE OF REVENUES AND EXPENSES  
- OPERATIONS AND CAPITAL PROJECT**

*For the Year Ended September 30, 2017*

	Operations	Capital Project	Totals
<b>Revenues:</b>			
Governmental support	\$ 190,548	\$ 425,000	\$ 615,548
Private gifts and grants	1,273,674	200,000	1,473,674
Special events	341,692	-	341,692
Educational programs	552,027	-	552,027
Admissions	1,512,440	-	1,512,440
Museum store	166,710	-	166,710
Membership dues	263,070	-	263,070
In-kind contributions	20,046	15,000	35,046
Other income	46,212	-	46,212
<b>Total revenues</b>	<b>4,366,419</b>	<b>640,000</b>	<b>5,006,419</b>
<b>Expenses:</b>			
Salaries	1,414,144	-	1,414,144
Employee benefits	223,753	-	223,753
<b>Total salaries and related benefits</b>	<b>1,637,897</b>	<b>-</b>	<b>1,637,897</b>
Advertising and marketing	128,349	-	128,349
Bank and credit card fees	83,763	-	83,763
Contract services	280,907	-	280,907
Cost of sales	66,556	-	66,556
Dues and subscriptions	9,113	-	9,113
Exhibit fees and rentals	233,900	-	233,900
Facility rentals and costs	185,968	-	185,968
Insurance	88,786	-	88,786
Interest	32,108	-	32,108
Maintenance and repairs	105,861	-	105,861
Materials and supplies	492,546	-	492,546
Other costs	37,533	-	37,533
Other fees and rentals	21,324	-	21,324
Postage and shipping	15,998	-	15,998
Printing	27,489	-	27,489
Professional fees	84,504	-	84,504
Provision for doubtful accounts	-	-	-
Telephone	11,131	-	11,131
Travel	14,194	-	14,194
Utilities	107,724	-	107,724
<b>Total expenses</b>	<b>3,665,651</b>	<b>-</b>	<b>3,665,651</b>
Excess of revenues over expenses before depreciation expense and loss on disposals	700,768	640,000	1,340,768
Depreciation expense	(184,242)	-	(184,242)
Loss on disposal of exhibits and collections	(88,962)	-	(88,962)
<b>Excess of revenues over expenses</b>	<b>\$ 427,564</b>	<b>\$ 640,000</b>	<b>\$ 1,067,564</b>

*See independent auditor's report.*

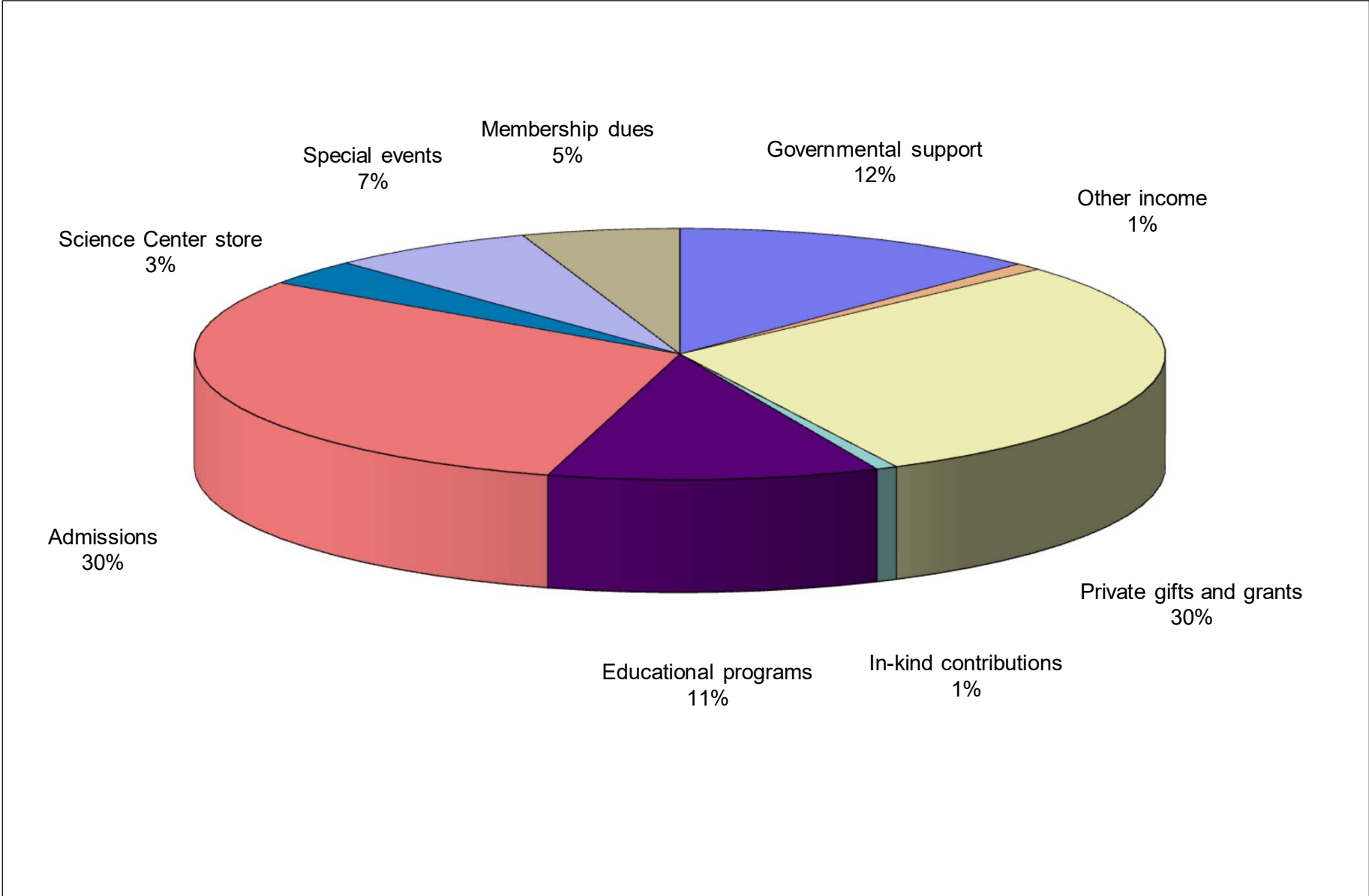
**SOUTH FLORIDA SCIENCE CENTER  
AND AQUARIUM, INC.**

**SCHEDULE OF  
PROGRAM SERVICES**

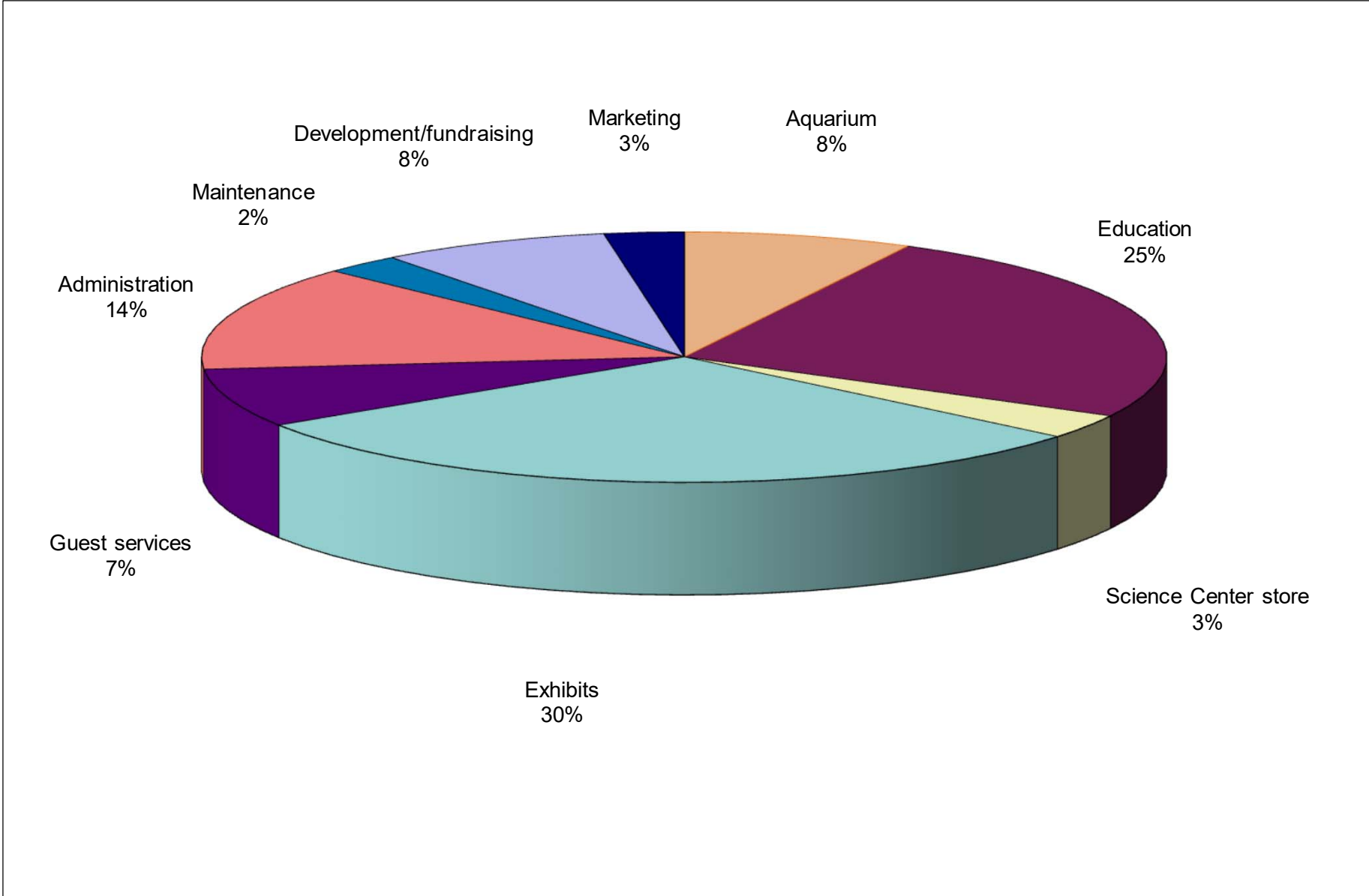
*For the Year Ended September 30, 2017*

	Aquarium	Education	Exhibits	Guest Services	Museum Store	Totals
Salaries	\$ 113,138	\$ 372,316	\$ 314,320	\$ 217,934	\$ 23,581	\$ 1,041,289
Employee benefits	23,330	51,628	57,383	24,661	2,996	159,998
Total salaries and related benefits	136,468	423,944	371,703	242,595	26,577	1,201,287
Advertising and marketing	12,571	26,963	47,143	4,195	2,096	92,968
Bank and credit card fees	17	33	67	6	3	126
Contract services	7,865	32,174	186,214	3,179	1,171	230,603
Cost of sales	-	-	-	-	66,556	66,556
Exhibit fees and rentals	-	-	233,900	-	-	233,900
Insurance	10,947	20,069	41,050	3,649	1,824	77,539
Interest	-	-	-	-	-	-
Maintenance and repairs	12,103	22,575	49,426	4,029	2,014	90,147
Materials and supplies	62,356	334,575	21,767	9,330	1,720	429,748
Other costs	289	3,433	1,084	7,546	10,823	23,175
Other fees and rentals	2,559	4,691	9,596	853	426	18,125
Postage and shipping	883	1,796	3,310	295	147	6,431
Printing	3,214	5,894	12,053	1,106	536	22,803
Professional fees	9,455	17,335	35,457	3,152	1,576	66,975
Telephone	1,336	2,448	5,009	445	223	9,461
Travel	132	7,603	495	29	23	8,282
Utilities	12,890	23,938	48,338	4,296	2,149	91,611
Total expenses before depreciation	273,085	927,471	1,066,612	284,705	117,864	2,669,737
Depreciation expense	22,109	40,533	82,908	7,370	3,685	156,605
Total functional expenses	\$ 295,194	\$ 968,004	\$ 1,149,520	\$ 292,075	\$ 121,549	\$ 2,826,342

*See independent auditor's report.*



*See independent auditor's report.*



*See independent auditor's report.*