

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended
September 30, 2021
(with comparable totals for 2020)**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, 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, 2021, 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 6, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South Florida Science Center and Aquarium, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Florida Science Center and Aquarium, Inc.'s internal control over financial reporting and compliance.

Report on Supplementary 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 on pages 21-24, 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, 2020 financial statements, and our report dated March 29, 2021, 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, 2020, 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 6, 2022

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

STATEMENT OF FINANCIAL POSITION

As of September 30, 2021

(with comparable totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
ASSETS				
Cash and cash equivalents	\$ 2,203,136	\$ 1,568,056	\$ 3,771,192	\$ 1,145,327
Accounts receivable	230,255	-	230,255	103,422
Contributions receivable, current	-	15,000	15,000	20,000
Inventory	7,294	-	7,294	12,513
Prepaid expenses	207,218	-	207,218	137,563
Deposits	151,000	-	151,000	148,000
Total current assets	2,798,903	1,583,056	4,381,959	1,566,825
Contributions receivable	-	15,000	15,000	30,000
Beneficial interest in trust	-	68,181	68,181	57,349
Property, equipment and exhibits, net	10,288,758	-	10,288,758	10,635,617
Collections	311,049	-	311,049	311,049
Total assets	<u>\$ 13,398,710</u>	<u>\$ 1,666,237</u>	<u>\$ 15,064,947</u>	<u>\$ 12,600,840</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 75,023	\$ -	\$ 75,023	\$ 108,171
Accrued expenses	115,799	-	115,799	113,354
Deferred revenue	124,444	-	124,444	225,339
Refundable advances	850,788	-	850,788	-
Current portion of notes payable	60,492	-	60,492	225,968
Total current liabilities	1,226,546	-	1,226,546	672,832
Notes payable	382,562	-	382,562	512,821
Total liabilities	<u>1,609,108</u>	<u>-</u>	<u>1,609,108</u>	<u>1,185,653</u>
Net assets:				
Without donor restrictions	11,789,602	-	11,789,602	11,122,004
With donor restrictions	-	1,666,237	1,666,237	293,183
Total net assets	<u>11,789,602</u>	<u>1,666,237</u>	<u>13,455,839</u>	<u>11,415,187</u>
Total liabilities and net assets	<u>\$ 13,398,710</u>	<u>\$ 1,666,237</u>	<u>\$ 15,064,947</u>	<u>\$ 12,600,840</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

(with comparable totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
Support and revenues:				
Governmental support	\$ 704,780	\$ -	\$ 704,780	\$ 626,094
Private gifts and grants	891,921	1,933,872	2,825,793	2,014,830
Special events	297,237	-	297,237	49,974
Educational programs	218,710	-	218,710	227,389
Admissions	1,295,501	-	1,295,501	825,859
Science Center store	202,186	-	202,186	114,812
Membership dues	379,192	-	379,192	201,686
SBA loan forgiveness	360,832	-	360,832	-
Change in value of beneficial interest in trust	-	10,832	10,832	4,592
In-kind contributions	-	-	-	25,500
Other income	42,462	-	42,462	65,122
	<u>4,392,821</u>	<u>1,944,704</u>	<u>6,337,525</u>	<u>4,155,858</u>
Net assets released from restrictions	571,650	(571,650)	-	-
	<u>4,964,471</u>	<u>1,373,054</u>	<u>6,337,525</u>	<u>4,155,858</u>
Expenses:				
Program services:				
Aquarium	304,380	-	304,380	300,835
Education	1,234,644	-	1,234,644	1,314,355
Exhibits	1,104,486	-	1,104,486	974,385
Guest services	290,972	-	290,972	287,140
Museum store	128,634	-	128,634	103,804
	<u>3,063,116</u>	<u>-</u>	<u>3,063,116</u>	<u>2,980,519</u>
Supporting activities:				
Management and general:				
Administration	787,402	-	787,402	744,155
Maintenance	122,412	-	122,412	112,111
Marketing	90,194	-	90,194	80,199
	<u>1,000,008</u>	<u>-</u>	<u>1,000,008</u>	<u>936,465</u>
Development/fundraising	233,749	-	233,749	142,658
Total expenses	<u>4,296,873</u>	<u>-</u>	<u>4,296,873</u>	<u>4,059,642</u>
Change in net assets	667,598	1,373,054	2,040,652	96,216
Net assets, beginning	11,122,004	293,183	11,415,187	11,318,971
Net assets, ending	<u>\$ 11,789,602</u>	<u>\$ 1,666,237</u>	<u>\$ 13,455,839</u>	<u>\$ 11,415,187</u>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2021

(with comparable totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from:		
Governmental support	\$ 1,078,388	\$ 677,366
Private gifts and grants	1,793,140	2,125,982
Program services	1,725,687	1,179,700
Membership and special events	570,944	453,319
Cash paid to vendors and employees	(3,954,990)	(3,600,075)
Interest paid	(6,264)	(25,585)
Other income	42,762	65,122
Net cash provided by operating activities	<u>1,249,667</u>	<u>875,829</u>
Cash flows from investing activities:		
Purchase of property, equipment and exhibits	<u>(86,899)</u>	<u>(750,024)</u>
Net cash used in investing activities	<u>(86,899)</u>	<u>(750,024)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	1,398,000	-
Advances from notes payable	460,433	580,462
Repayments of notes payable	<u>(395,336)</u>	<u>(165,715)</u>
Net cash provided by financing activities	<u>1,463,097</u>	<u>414,747</u>
Net change in cash	2,625,865	540,552
Cash and cash equivalents, beginning	<u>1,145,327</u>	<u>604,775</u>
Cash and cash equivalents, ending	<u>\$ 3,771,192</u>	<u>\$ 1,145,327</u>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2021

(with comparable totals for 2020)

	<u>2021</u>	<u>2020</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 2,040,652	\$ 96,216
Adjustments to reconcile change in net cash to net cash provided by operating activities:		
Depreciation	433,758	399,052
SBA loan forgiveness	(360,832)	-
Change in value of beneficial interest in trust	(10,832)	(4,592)
(Increase) decrease in certain assets:		
Accounts receivable	(126,833)	(2,576)
Contributions receivable	20,000	165,000
Inventory	5,219	2,530
Prepaid expenses	(69,655)	(45,948)
Deposits	(3,000)	93,038
Increase (decrease) in certain liabilities:		
Accounts payable	(33,148)	(57,493)
Accrued expenses	2,445	25,594
Deferred revenue	(100,895)	205,008
Refundable advances	850,788	-
Contributions restricted for:		
Capital campaign	<u>(1,398,000)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 1,249,667</u>	<u>\$ 875,829</u>

See accompanying notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2021

(with comparable totals for 2020)

	Program Services	Supporting Activities		2021 Totals	2020 Totals
		Management and General	Development / Fundraising		
Salaries	\$ 978,143	\$ 416,336	\$ 91,770	\$ 1,486,249	\$ 1,600,810
Employee benefits	166,875	70,391	24,424	261,690	279,583
Total salaries and related benefits	1,145,018	486,727	116,194	1,747,939	1,880,393
Advertising and marketing	104,432	38,505	9,820	152,757	129,733
Bank and credit card fees	-	78,253	-	78,253	66,159
Capital campaign	111,989	128,558	38,336	278,883	-
Contract services	101,418	49,289	-	150,707	271,120
Cost of sales	89,906	-	-	89,906	56,181
Dues and subscriptions	-	16,900	199	17,099	11,409
Exhibit fees and rentals	222,228	-	-	222,228	200,000
Facility rentals and costs	-	536	58,285	58,821	14,130
Insurance	106,542	18,802	-	125,344	112,332
Interest	-	6,264	-	6,264	25,585
Maintenance and repairs	135,429	24,210	5,110	164,749	88,012
Materials and supplies	381,306	33,629	5,686	420,621	472,728
Other costs	8,440	13,032	-	21,472	13,469
Other fees and rentals	64,194	4,248	-	68,442	72,067
Postage and shipping	11,603	2,682	119	14,404	12,015
Printing	8,045	940	-	8,985	12,689
Professional fees	54,185	3,915	-	58,100	60,500
Telephone	23,054	4,150	-	27,204	25,120
Travel	1,420	2,314	-	3,734	11,324
Utilities	125,213	21,990	-	147,203	125,624
Total expenses before depreciation	2,694,422	934,944	233,749	3,863,115	3,660,590
Depreciation expense	368,694	65,064	-	433,758	399,052
Total expenses	<u>\$ 3,063,116</u>	<u>\$ 1,000,008</u>	<u>\$ 233,749</u>	<u>\$ 4,296,873</u>	<u>\$ 4,059,642</u>

See accompanying notes to financial statements.

For the Year Ended September 30, 2021

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. In November 2021, the Science Center changed its legal name to Cox Science Center and Aquarium, Inc. 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

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth under FASB Accounting Standards Codification (FASB ASC) 958-205, *Presentation of Financial Statements*. Accordingly, the net assets of the Science Center are reported in each of the following classes:

Net assets without donor restrictions: 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.

Net assets with donor restrictions: 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. Other donor-imposed restrictions are perpetual in nature, where 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.

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.

For the Year Ended September 30, 2021

1. Summary of Significant Accounting Policies, continued

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.

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, 2020, from which the summarized information was derived. Certain 2020 amounts may have been reclassified to conform to 2021 classifications. Such reclassifications have no effect on the change in net assets as previously reported.

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 federal and local government grants and promises to give from other agencies. Provisions for doubtful accounts as of September 30, 2021 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.

For the Year Ended September 30, 2021

1. Summary of Significant Accounting Policies, continued

Prepaid Expenses

Prepaid expenses consist of advance payments for insurance and software licenses.

Deposits

Deposits consist of payments made for future exhibits and events.

Property, Equipment, and Exhibits

The Science Center capitalizes property, equipment, and exhibits that costs in excess of \$5,000 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. Property, equipment and exhibits are carried at cost or, if donated, at the approximate fair market value at the date of the donation.

Capitalized costs for self-constructed property, equipment, and exhibits include direct labor and benefits for employees specifically identified with the project. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The costs of purchasing or collecting live animals are expensed as incurred.

Collections

The Science Center capitalizes its 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.

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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Governmental support consists of \$52,943 from the Florida Department of State, Division of Cultural Affairs, \$156,392 from the Palm Beach County Tourist Development Council and Cultural Council, \$308,053 from the US Small Business Administration, Shuttered Venue Operators Grant, and \$187,392 from the Internal Revenue Service, Employee Retention Tax Credit program.

For the Year Ended September 30, 2021

1. Summary of Significant Accounting Policies, continued

Support and Revenues, continued

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, 2021, the Science Center did not receive donated assets or services

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, 2021, the Science Center incurred \$152,757 in advertising cost, which is reported as advertising and marketing in the Statement of Functional Expenses.

Recently Adopted Accounting Pronouncements

As of October 1, 2020, the Science Center adopted the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Analysis of various provisions of this standard resulted in no significant changes in the way the Science Center recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

For the Year Ended September 30, 2021

1. Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding “right-of-use” assets. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2021. Management is currently evaluating the magnitude and other potential impacts on the Science Center’s financial statements.

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 publicly 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, 2021.

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, 2021, 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.

2. Liquidity and Availability of Resources

The Science Center’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, are as follows:

Cash and cash equivalents	\$ 3,771,192
Accounts receivable	230,255
Contributions receivable	<u>15,000</u>
Total financial assets available within one year	4,016,447
Amounts unavailable for general expenditures within one year due to:	
Amounts restricted for capital projects	<u>(1,214,496)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 2,801,951</u>

For the Year Ended September 30, 2021

2. Liquidity and Availability of Resources, continued

The Science Center is substantially supported by admissions, contributions that are without donor and with donor restrictions, and other sources. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Science Center must maintain sufficient resources to meet those responsibilities to its donors. Some of the Science Center's net assets with donor restrictions are available for general expenditure within one year of September 30, 2021 because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Science Center in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. Furthermore, the Science Center has a \$750,000 line of credit of which management may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need (See Note 8). The Science Center forecasts its future cash flows and monitors liquidity on a monthly basis.

3. Fair Value Measurements

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Science Center has the ability to access.
- Level 2* – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value of Financial Instruments: 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.

For the Year Ended September 30, 2021

3. Fair Value Measurements, continued

Items Measured at Fair Value on a Recurring Basis: The following is a description of the valuation methodologies used for assets measured at fair value (Level 3). There have been no changes in the methodologies used as of September 30, 2021.

Beneficial Interest in Trust: Valued by the 3rd party custodian at the current fair value of underlying investment assets in the account, which provides a perpetual stream of income to the Science Center.

The table below sets forth a summary of changes in the fair value of the Science Center’s Level 3 assets for the year ended September 30, 2021.

Beneficial interest in trust:

Balance, beginning of year	\$ 57,349
Issuances/contributions	-
Settlements/collections	-
Change in present value	<u>10,832</u>
Balance, end of year	<u>\$ 68,181</u>

4. Contributions Receivable

Contributions receivable are recorded at face value if due in less than one year, or at net realizable value, discounted as appropriate to reflect the estimated timing of receipt for contributions, if due more than one year after the date of receipt. Contributions receivable consist of the following amounts:

Receivables due in less than one year	\$ 15,000
Receivable in one to five years	<u>15,000</u>
Total contributions receivable	<u>\$ 30,000</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.

5. Beneficial Interest in Trust

The Science Center is the income beneficiary of a perpetual trust, whose assets are held by the Community Foundation for Palm Beach and Martin Counties, Inc. (the “Foundation”) as an endowed component fund (Fund). Under the terms of the Fund, the Foundation’s Board of Directors has a variance power to modify any restriction or condition on the distribution of funds for any specific charitable purpose or to specified organizations, if in their sole judgement (without the approval of any trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or the area served by the Foundation. The Fund is subject to the Foundation’s investment and spending policies. During the year ended September 30, 2021, the Science Center did not receive any distributions from the Fund.

For the Year Ended September 30, 2021

6. Property, Equipment, and Exhibits

As of September 30, 2021, the Science Center's property, equipment and exhibits consisted of the following:

Building and land improvements	\$ 5,980,531
Equipment and machinery	393,854
Exhibits	5,658,714
Furniture and fixtures	43,454
Planetarium	372,302
Vehicle	<u>95,557</u>
Total property, equipment and exhibits	12,544,412
Accumulated depreciation	(2,264,739)
Construction in progress	<u>9,085</u>
Property, equipment and exhibits, net	<u>\$ 10,288,758</u>

As of September 30, 2021, the Science Center's construction in progress consisted of the accumulated costs associated with the custom coral tank system.

7. Notes Payable

The Science Center has a \$750,000 line of credit extended by TD Bank. The line of credit carries an interest rate of 1% over the lender's prime rate (4.25% as of September 30, 2020) and is secured by all the Science Center's personal and real property. The line of credit expired on May 20, 2021, and management expects to renew this line for another year. As of September 30, 2021, there is \$750,000 available under this line of credit.

\$ -

The Science Center had a \$250,000 note payable due to TD Bank. The note required monthly installments of \$2,645, including principal and interest at a rate of 4.95%. The note remaining balance of \$113,729 was paid-off during the year ended September 30, 2021.

-

The Science Center also had a \$3,000,000 note payable due to TD Bank used to finance the expansion of its current facility. The note required monthly installments of \$4,693, including principal and interest at a rate of 4.98%. The note remaining balance of \$57,351 was paid-off during the year ended September 30, 2021.

-

In April 2020, the Science Center received a loan in the amount of \$360,832 under the Small Business Administration's Paycheck Protection Program with a local bank as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act. In June 2021, the Science Center was notified by its bank that the loan was 100% forgiven based on qualified cost already incurred by the Science Center.

-

For the Year Ended September 30, 2021

7. Notes Payable, continued

In July 2020, the Science Center received a loan in the amount of \$150,000 under the Small Business Administration's Economic Injury Disaster Loan with a local bank as part of the Coronavirus Aid, Relief and Economic Security Act. The loan had a twelve-month deferral period. After that, it required monthly installments of \$641, including principal and interest at a rate of 2.75%. The note balance of \$150,000 was paid-off during the year ended September 30, 2021.

\$ -

In March 2021, the Science Center received \$382,562 as a second loan under the Small Business Administration's Paycheck Protection Program with a local bank as part of the CARES Act. In October 2021, the Science Center was notified by its bank that the loan, together with accrued but unpaid interest of \$4,260, was 100% forgiven based on qualified cost already incurred by the Science Center.

382,562

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.

2,089

Note due to insurance premium finance company requiring monthly payments of principal and interest. The note is unsecured and requires monthly installments of \$7,408, including principal and interest at a rate of 8.50%. The note matures on May 1, 2022.

58,403

Total notes payable

443,054

Less amount to be forgiven

382,562

Amount due within one year

\$ 60,492

8. Net Assets With Donor Restrictions

Restrictions on assets are imposed by the donor and include restrictions for specified programs or purposes, or for a specified time when the assets may be used. As of September 30, 2021, the Science Center held net assets with donor restrictions for the following purposes or periods:

Subject to expenditures for a specific purpose:

Education outreach programs

\$ 353,560

Capital projects

1,214,496

Total purpose restricted

1,568,056

Subject to the passage of time:

Contributions receivable

30,000

Beneficial interest in trust

18,181

Total time restriction

48,181

Perpetual in nature:

Beneficial interest in trust

50,000

Total net assets with donor restrictions

\$ 1,666,237

For the Year Ended September 30, 2021

9. 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.

In December 2017, the Science Center entered into a sub-lease agreement for a STEM studio located in Jupiter, Florida. The term of the lease is for five years, expiring in March 2023. Future minimum payments under this lease are as follows:

<u>September 30,</u>		
2022		\$ 26,550
2023		<u>13,470</u>
		<u>\$ 40,020</u>

Operating lease expense amounted to approximately \$44,715 for the year ended September 30, 2021, and is included in other fees and rentals in the Statement of Functional Expenses.

10. Employee Benefit 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. Employees may contribute a specified percentage of their salary or a fixed dollar amount to the plan up to the maximum amount allowed by the Internal Revenue Code. The Science Center may, at its discretion, make contributions to the plan. The Science Center’s contribution to the plan for the year ended September 30, 2021 was \$24,029 and is included in employee benefits in the Statement of Functional Expenses..

11. 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 \$2,762,500 of cash and cash equivalents that exceeded the federal insurance limit or that was uninsured as of September 30, 2021. 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.

12. Capital Campaign

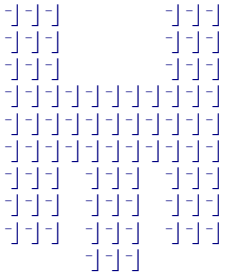
The Science Center began a capital campaign during the year ended September 30, 2021, for the expansion of its facility. The expanded facility will feature a 250,000-gallon aquarium, 10,000 square foot “Future Florida” exhibit space, 10,000 square foot traveling exhibit hall, and the cutting edge “STEAM Studio” featuring next-generation hands-on exhibits. Capital campaign contributions are shown within private gifts and grants with donor restrictions in the Statement of Activities. The supplemental Schedule of Revenues and Expenses shows the capital campaign income and expenses separate from those of ongoing operations.

For the Year Ended September 30, 2021

13. Subsequent Events

Management has evaluated subsequent events through April 6, 2022, 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.

SUPPLEMENTARY INFORMATION



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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, 2021, 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 6, 2022.

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) as a basis for designing 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 financial statement. 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 6, 2022

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

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

For the Year Ended September 30, 2021

	Operations	Capital Project	Totals
Revenues:			
Governmental support	\$ 704,780	\$ -	\$ 704,780
Private gifts and grants	1,427,793	1,398,000	2,825,793
Special events	297,237	-	297,237
Educational programs	218,710	-	218,710
Admissions	1,295,501	-	1,295,501
Museum store	202,186	-	202,186
Membership dues	379,192	-	379,192
SBA loan forgiveness	360,832	-	360,832
Change in value of beneficial interest in trust	10,832	-	10,832
Other income	42,462	-	42,462
Total	4,939,525	1,398,000	6,337,525
Expenses:			
Salaries	1,486,249	-	1,486,249
Employee benefits	261,690	-	261,690
Total salaries and related benefits	1,747,939	-	1,747,939
Advertising and marketing	152,757	-	152,757
Bank and credit card fees	78,253	-	78,253
Capital campaign	-	278,883	278,883
Contract services	150,707	-	150,707
Cost of sales	89,906	-	89,906
Dues and subscriptions	17,099	-	17,099
Exhibit fees and rentals	222,228	-	222,228
Facility rentals and costs	58,821	-	58,821
Insurance	125,344	-	125,344
Interest	6,264	-	6,264
Maintenance and repairs	164,749	-	164,749
Materials and supplies	420,621	-	420,621
Other costs	21,472	-	21,472
Other fees and rentals	68,442	-	68,442
Postage and shipping	14,404	-	14,404
Printing	8,985	-	8,985
Professional fees	58,100	-	58,100
Telephone	27,204	-	27,204
Travel	3,734	-	3,734
Utilities	147,203	-	147,203
Total	3,584,232	278,883	3,863,115
Excess of revenues over expenses before depreciation expense	1,355,293	1,119,117	2,474,410
Depreciation expense	433,758	-	433,758
Excess of revenues over expenses	\$ 921,535	\$ 1,119,117	\$ 2,040,652

See independent auditor's report.

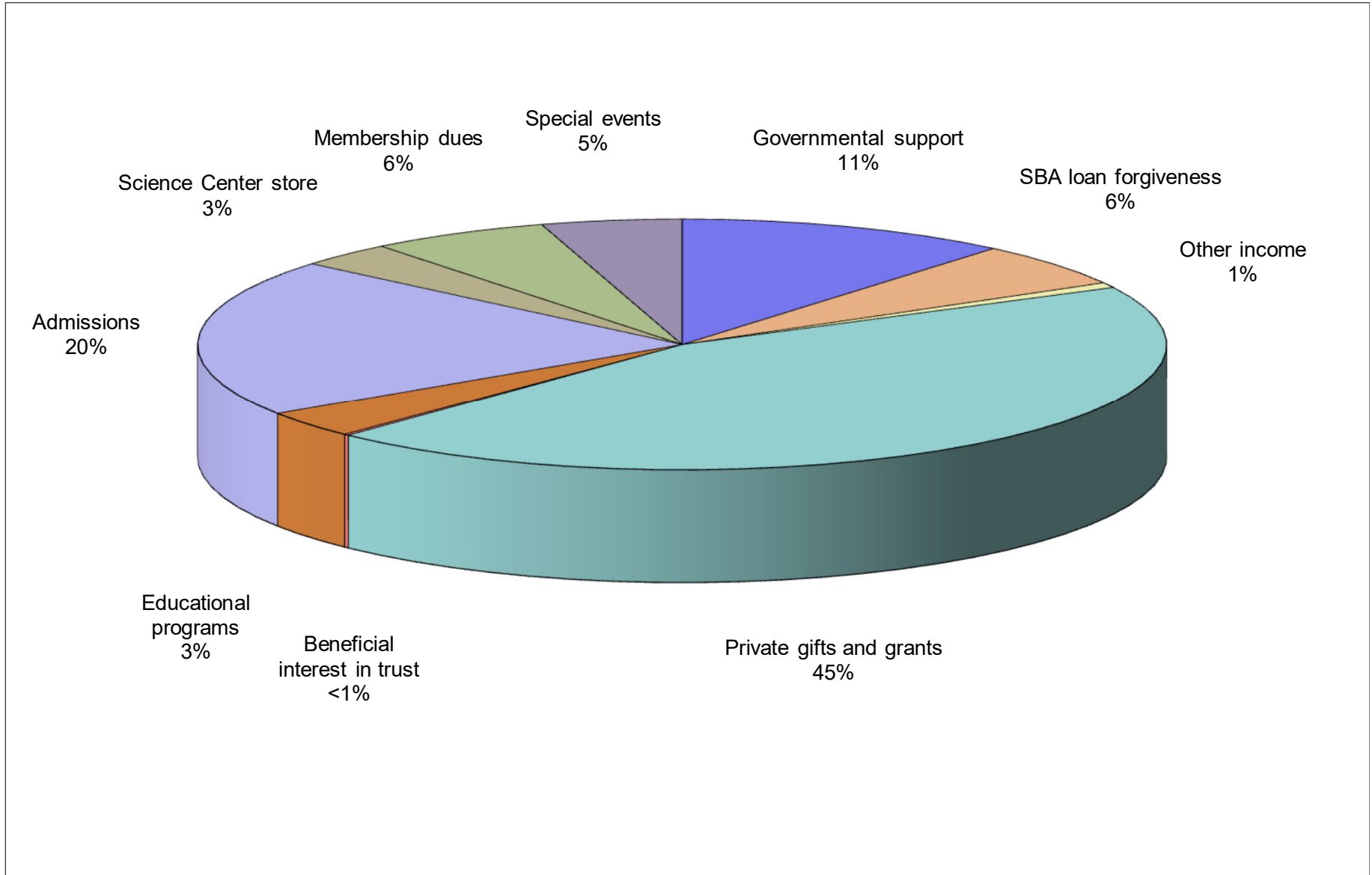
**SOUTH FLORIDA SCIENCE CENTER
AND AQUARIUM, INC.**

**SCHEDULE OF
PROGRAM SERVICES**

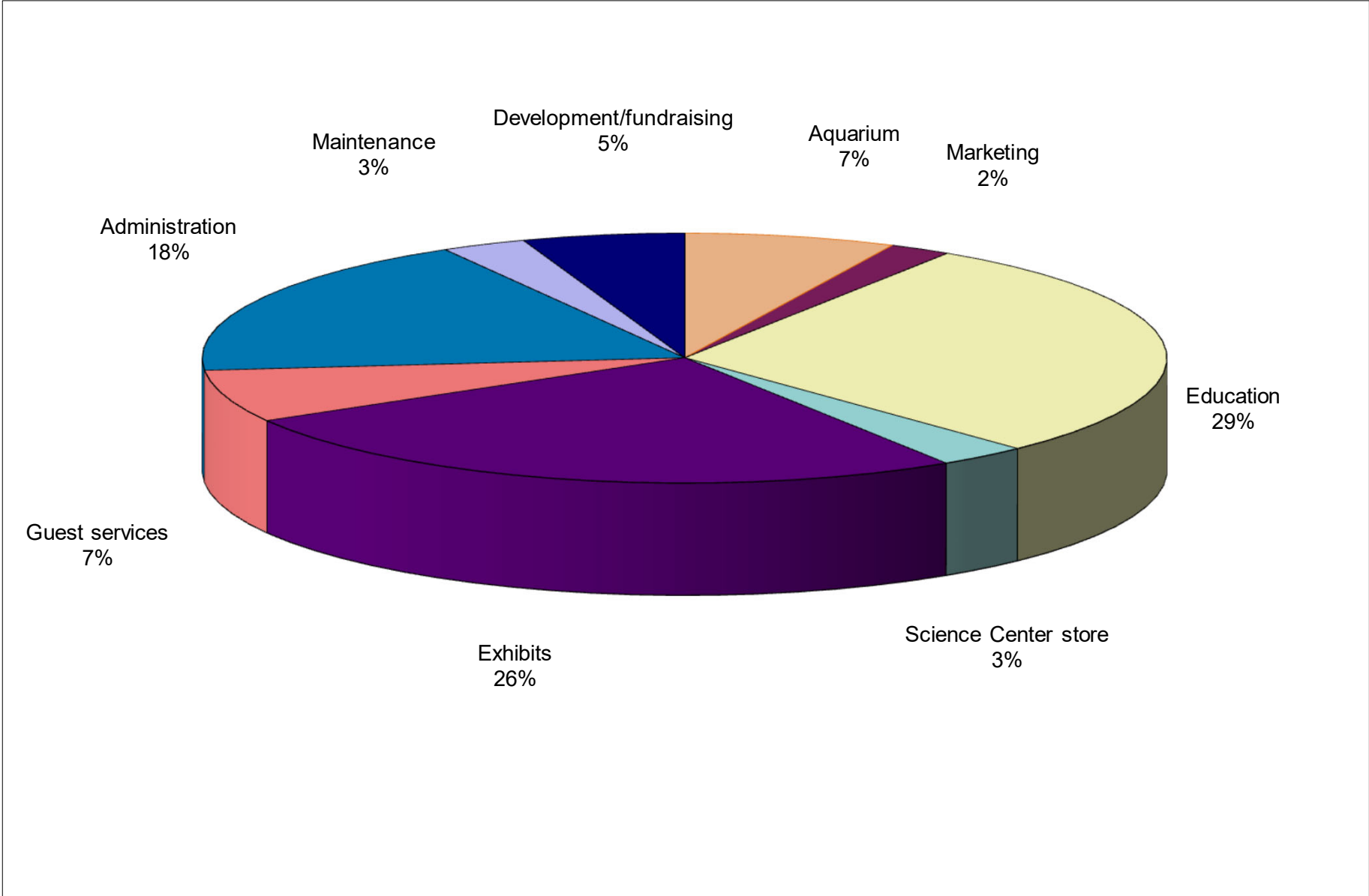
For the Year Ended September 30, 2021

	Aquarium	Education	Exhibits	Guest Services	Museum Store	Totals
Salaries	\$ 101,653	\$ 371,355	\$ 276,220	\$ 205,814	\$ 23,101	\$ 978,143
Employee benefits	26,070	63,257	51,051	24,061	2,436	166,875
Total salaries and related benefits	127,723	434,612	327,271	229,875	25,537	1,145,018
Advertising and marketing	12,284	42,997	43,007	4,915	1,229	104,432
Capital campaign	-	-	111,989	-	-	111,989
Contract services	6,976	66,540	23,527	3,322	1,053	101,418
Cost of sales	-	-	-	-	89,906	89,906
Exhibit fees and rentals	-	-	222,228	-	-	222,228
Insurance	12,534	43,870	43,870	5,015	1,253	106,542
Maintenance and repairs	15,600	57,424	54,605	6,240	1,560	135,429
Materials and supplies	57,121	289,965	25,493	7,849	878	381,306
Other costs	422	1,476	1,476	5,023	43	8,440
Other fees and rentals	2,291	52,736	8,021	917	229	64,194
Postage and shipping	1,360	4,759	4,759	588	137	11,603
Printing	946	3,312	3,312	379	96	8,045
Professional fees	6,377	22,310	22,310	2,550	638	54,185
Telephone	2,712	9,493	9,493	1,085	271	23,054
Travel	-	1,420	-	-	-	1,420
Utilities	14,658	51,915	51,310	5,864	1,466	125,213
Total expenses before depreciation	261,004	1,082,829	952,671	273,622	124,296	2,694,422
Depreciation expense	43,376	151,815	151,815	17,350	4,338	368,694
Total functional expenses	\$ 304,380	\$ 1,234,644	\$ 1,104,486	\$ 290,972	\$ 128,634	\$ 3,063,116

See independent auditor's report.



See independent auditor's report.



See independent auditor's report.