

**COX SCIENCE CENTER AND AQUARIUM, INC.**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2022  
(with comparable totals for 2021)**

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# Holyfield & Thomas, LLC

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### INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

We have audited the accompanying financial statements of Cox Science Center and Aquarium, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cox Science Center and Aquarium, Inc. as of September 30, 2022, 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.

#### Basis for Opinion

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

#### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2023, on our consideration of Cox 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 Cox 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 Cox Science Center and Aquarium, Inc.'s internal control over financial reporting and compliance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenues and expenses – operations and capital project, schedule of program services, and graphs of current year revenues without donor restrictions and current year expenses by department on pages 22-25, 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, 2021 financial statements, and our report dated April 6, 2022, 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, 2021, 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 10, 2023

## COX SCIENCE CENTER AND AQUARIUM, INC.

## STATEMENT OF FINANCIAL POSITION

*As of September 30, 2022**(with comparable totals for 2021)*

	Without Donor Restrictions	With Donor Restrictions	2022 Totals	2021 Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,550,943	\$ 3,564,161	\$ 6,115,104	\$ 3,771,192
Accounts receivable	139,459	-	139,459	230,255
Contributions receivable, current	-	15,000	15,000	15,000
Accrued interest receivable	-	41,203	41,203	-
Inventory	10,857	-	10,857	7,294
Prepaid expenses	155,844	-	155,844	207,218
Deposits	180,000	-	180,000	151,000
Total current assets	3,037,103	3,620,364	6,657,467	4,381,959
Contributions receivable	-	-	-	15,000
Investments	-	14,838,246	14,838,246	-
Beneficial interest in trust	-	54,936	54,936	68,181
Property, equipment and exhibits, net	9,895,357	-	9,895,357	10,288,758
Collections	311,049	-	311,049	311,049
Total assets	<u>\$ 13,243,509</u>	<u>\$ 18,513,546</u>	<u>\$ 31,757,055</u>	<u>\$ 15,064,947</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ 795,373	\$ -	\$ 795,373	\$ 75,023
Accrued expenses	155,685	-	155,685	115,799
Deferred revenue	462,191	-	462,191	124,444
Refundable advances	-	-	-	850,788
Current portion of notes payable	-	-	-	60,492
Total current liabilities	1,413,249	-	1,413,249	1,226,546
Notes payable	-	-	-	382,562
Total liabilities	<u>1,413,249</u>	<u>-</u>	<u>1,413,249</u>	<u>1,609,108</u>
Net assets:				
Without donor restrictions	11,830,260	-	11,830,260	11,789,602
With donor restrictions	-	18,513,546	18,513,546	1,666,237
Total net assets	<u>11,830,260</u>	<u>18,513,546</u>	<u>30,343,806</u>	<u>13,455,839</u>
Total liabilities and net assets	<u>\$ 13,243,509</u>	<u>\$ 18,513,546</u>	<u>\$ 31,757,055</u>	<u>\$ 15,064,947</u>

See accompanying notes to financial statements.

## COX SCIENCE CENTER AND AQUARIUM, INC.

## STATEMENT OF ACTIVITIES

*For the Year Ended September 30, 2022**(with comparable totals for 2021)*

	Without Donor Restrictions	With Donor Restrictions	2022 Totals	2021 Totals
Support and revenues:				
Governmental support	\$ 868,640	\$ -	\$ 868,640	\$ 704,780
Private gifts and grants	1,438,748	18,668,646	20,107,394	2,825,793
Special events	273,685	-	273,685	297,237
Educational programs	387,354	-	387,354	218,710
Admissions	1,535,708	-	1,535,708	1,295,501
Science Center store	254,855	-	254,855	202,186
Membership dues	405,928	-	405,928	379,192
SBA loan forgiveness	382,562	-	382,562	360,832
Investment income	-	131,042	131,042	-
Change in unrealized loss on investments	-	(251,593)	(251,593)	-
Change in value of beneficial interest in trust	-	(13,245)	(13,245)	10,832
Other income	99,462	-	99,462	42,462
	<u>5,646,942</u>	<u>18,534,850</u>	<u>24,181,792</u>	<u>6,337,525</u>
Total support and revenues				
Net assets released from restrictions	1,687,541	(1,687,541)	-	-
	<u>7,334,483</u>	<u>16,847,309</u>	<u>24,181,792</u>	<u>6,337,525</u>
Expenses:				
Program services:				
Aquarium	504,215	-	504,215	304,380
Education	1,566,282	-	1,566,282	1,234,644
Exhibits	1,256,423	-	1,256,423	1,104,486
Guest services	403,918	-	403,918	290,972
Museum store	165,171	-	165,171	128,634
	<u>3,896,009</u>	<u>-</u>	<u>3,896,009</u>	<u>3,063,116</u>
Supporting activities:				
Management and general:				
Administration	2,580,260	-	2,580,260	787,402
Maintenance	158,371	-	158,371	122,412
Marketing	169,991	-	169,991	90,194
	<u>2,908,622</u>	<u>-</u>	<u>2,908,622</u>	<u>1,000,008</u>
Development/fundraising	489,194	-	489,194	233,749
Total expenses	<u>7,293,825</u>	<u>-</u>	<u>7,293,825</u>	<u>4,296,873</u>
Change in net assets	40,658	16,847,309	16,887,967	2,040,652
Net assets, beginning	<u>11,789,602</u>	<u>1,666,237</u>	<u>13,455,839</u>	<u>11,415,187</u>
Net assets, ending	<u>\$ 11,830,260</u>	<u>\$ 18,513,546</u>	<u>\$ 30,343,806</u>	<u>\$ 13,455,839</u>

See accompanying notes to financial statements.

## COX SCIENCE CENTER AND AQUARIUM, INC.

## STATEMENT OF CASH FLOWS

*For the Year Ended September 30, 2022**(with comparable totals for 2021)*

	2022 Totals	2021 Totals
Cash flows from operating activities:		
Cash received from:		
Governmental support	\$ 439,298	\$ 1,078,388
Private gifts and grants	1,478,224	1,793,140
Program services	2,181,989	1,725,687
Membership and special events	1,013,588	570,944
Cash paid to vendors and employees	(6,099,290)	(3,954,990)
Interest paid	-	(6,264)
Investment income	89,839	-
Other income	99,162	42,762
Net cash provided by (used in) operating activities	<u>(797,190)</u>	<u>1,249,667</u>
Cash flows from investing activities:		
Purchase of investments	(15,089,839)	-
Purchase of property, equipment and exhibits	<u>(22,087)</u>	<u>(86,899)</u>
Net cash used in investing activities	<u>(15,111,926)</u>	<u>(86,899)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	18,313,520	1,398,000
Advances from notes payable	-	460,433
Repayments of notes payable	<u>(60,492)</u>	<u>(395,336)</u>
Net cash provided by financing activities	<u>18,253,028</u>	<u>1,463,097</u>
Net change in cash	2,343,912	2,625,865
Cash and cash equivalents, beginning	<u>3,771,192</u>	<u>1,145,327</u>
Cash and cash equivalents, ending	<u>\$ 6,115,104</u>	<u>\$ 3,771,192</u>

See accompanying notes to financial statements.



## COX SCIENCE CENTER AND AQUARIUM, INC.

## STATEMENT OF CASH FLOWS

*For the Year Ended September 30, 2022**(with comparable totals for 2021)*

	2022 Totals	2021 Totals
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 16,887,967	\$ 2,040,652
Adjustments to reconcile change in net cash to net cash provided by (used in) operating activities:		
Depreciation	415,488	433,758
SBA loan forgiveness	(382,562)	(360,832)
Change in unrealized loss on investments	251,593	-
Change in value of beneficial interest in trust	13,245	(10,832)
(Increase) decrease in certain assets:		
Accounts receivable	90,796	(126,833)
Contributions receivable	15,000	20,000
Accrued interest receivable	(41,203)	-
Inventory	(3,563)	5,219
Prepaid expenses	51,374	(69,655)
Deposits	(29,000)	(3,000)
Increase (decrease) in certain liabilities:		
Accounts payable	720,350	(33,148)
Accrued expenses	39,886	2,445
Deferred revenue	337,747	(100,895)
Refundable advances	(850,788)	850,788
Contributions restricted for:		
Capital campaign	(18,313,520)	(1,398,000)
Net cash provided by (used in) operating activities	<u>\$ (797,190)</u>	<u>\$ 1,249,667</u>

See accompanying notes to financial statements.

**COX SCIENCE CENTER AND AQUARIUM, INC. STATEMENT OF FUNCTIONAL EXPENSES**

***For the Year Ended September 30, 2022***

***(with comparable totals for 2021)***

	Program Services	Supporting Activities		2022 Totals	2021 Totals
		Management and General	Development / Fundraising		
Salaries	\$ 1,324,385	\$ 540,048	\$ 98,778	\$ 1,963,211	\$ 1,486,249
Employee benefits	194,488	94,541	9,686	298,715	261,690
Total salaries and related benefits	1,518,873	634,589	108,464	2,261,926	1,747,939
Advertising and marketing	224,799	85,698	28,025	338,522	152,757
Bank and credit card fees	-	94,895	-	94,895	78,253
Capital campaign	-	1,626,660	68,500	1,695,160	278,883
Contract services	179,225	148,271	16,567	344,063	150,707
Cost of sales	103,868	-	-	103,868	89,906
Dues and subscriptions	261	10,021	200	10,482	17,099
Exhibit fees and rentals	261,802	-	-	261,802	222,228
Facility rentals and costs	-	544	250,831	251,375	58,821
Insurance	135,262	23,869	-	159,131	125,344
Interest	-	-	-	-	6,264
Maintenance and repairs	164,024	32,254	8,283	204,561	164,749
Materials and supplies	496,589	68,184	4,515	569,288	420,621
Other costs	22,047	42,643	260	64,950	21,472
Other fees and rentals	84,959	8,228	-	93,187	68,442
Postage and shipping	7,666	1,398	292	9,356	14,404
Printing	39,086	8,424	2,946	50,456	8,985
Professional fees	76,574	4,425	-	80,999	58,100
Telephone	27,241	5,146	-	32,387	27,204
Travel	13,483	18,337	311	32,131	3,734
Utilities	187,086	32,712	-	219,798	147,203
Total expenses before depreciation	3,542,845	2,846,298	489,194	6,878,337	3,863,115
Depreciation expense	353,164	62,324	-	415,488	433,758
Total expenses	<u>\$ 3,896,009</u>	<u>\$ 2,908,622</u>	<u>\$ 489,194</u>	<u>\$ 7,293,825</u>	<u>\$ 4,296,873</u>

*See accompanying notes to financial statements.*

*For the Year Ended September 30, 2022*

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**1. Summary of Significant Accounting Policies**

*Nature of Organization*

The Cox Science Center and Aquarium, Inc. (f/k/a South Florida Science Center and Aquarium, Inc.) (the "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*

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, 2022***

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**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, 2021, from which the summarized information was derived. Certain 2021 amounts may have been reclassified to conform to 2022 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.

*Investments*

Investments of the Science Center are stated at fair value based on quoted prices on a national stock exchange, with the resulting realized and change in unrealized gains and losses included in the Statement of Activities. Investments as of September 30, 2022 consist primarily of U.S. Treasury and cash equivalent funds. Cash and cash equivalents accounts maintained by the Science Center's investment portfolio are part of the Science Center's investment policy and are classified as investments.

*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, 2022 was deemed unnecessary because the amounts are considered to be fully collectible.

*For the Year Ended September 30, 2022*

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

*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.

*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.

*For the Year Ended September 30, 2022*

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

*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 \$56,594 from the Florida Department of State, Division of Cultural Affairs, \$211,257 from the Palm Beach County Tourist Development Council and Cultural Council, and \$600,789 from the US Small Business Administration, Shuttered Venue Operators Grant.

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, 2022, 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, 2022, the Science Center incurred \$338,522 in advertising cost, which is reported as advertising and marketing in the Statement of Functional Expenses.

***For the Year Ended September 30, 2022***

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**1. Summary of Significant Accounting Policies, continued***Recently Adopted Accounting Pronouncements*

As of October 1, 2021, the Science Center adopted the provision of FASB Accounting Standards Update 2020-07 – *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the standard is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit.

*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, 2022.

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, 2022, 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.

***For the Year Ended September 30, 2022***

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**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	\$ 6,115,104
Accounts receivable	139,459
Contributions receivable	<u>15,000</u>
Total financial assets available within one year	6,269,563
Amounts unavailable for general expenditures within one year due to:	
Amounts restricted for capital projects	<u>(3,242,630)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 3,026,933</u>

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, 2022 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.



***For the Year Ended September 30, 2022*****3. Fair Value Measurements, continued**

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

*Accounts and Construction 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.

*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. There have been no changes in the methodologies used as of September 30, 2022.

*Investments:* Valued at the closing price reported on the active market on which the individual funds are traded. All of the Science Center's investments as of September 30, 2022 are considered to be Level 1 measurements.

*Beneficial Interest in Trust:* Valued by the 3<sup>rd</sup> 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 following table sets forth by level, within the fair value hierarchy, the Science Center's assets at fair value as of September 30, 2022:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	\$ 1,004,907	\$ -	\$ -	\$ 1,004,907
Fixed Income	<u>13,833,339</u>	<u>-</u>	<u>-</u>	<u>13,833,339</u>
Total investments	14,838,246	-	-	14,838,246
Beneficial interest in trust	<u>-</u>	<u>-</u>	<u>54,936</u>	<u>54,936</u>
Total assets, at fair value	<u>\$ 14,838,246</u>	<u>\$ -</u>	<u>\$ 54,936</u>	<u>\$ 14,893,182</u>

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Science Center believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies used during the year ended September 30, 2022.

***For the Year Ended September 30, 2022***

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**3. Fair Value Measurements, continued***Level 3 Gains and Losses*

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, 2022.

## Beneficial interest in trust:

Balance, beginning of year	\$ 68,181
Issuances/contributions	-
Settlements/collections	-
Change in present value	<u>(13,245)</u>
Balance, end of year	<u>\$ 54,936</u>

**4. Accounts Receivable**

Accounts receivable as of September 30, 2022, consist of the following amounts:

Local government grant	\$ 55,734
Promises to give from other agencies	<u>83,725</u>
Total accounts receivable	<u>\$ 139,459</u>

Management believes that accounts receivable are fully collectible and, therefore, no allowance for uncollectible receivables was considered necessary.

**5. 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 as of September 30, 2022 are expected to be collected within one year. Therefore, no allowance for uncollectible receivables was considered necessary.

**6. 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, 2022, the Science Center did not receive any distributions from the Fund.

***For the Year Ended September 30, 2022*****7. Property, Equipment, and Exhibits**

As of September 30, 2022, 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	5,658,712
Furniture and fixtures	43,454
Planetarium	372,302
Vehicle	<u>95,557</u>
Total property, equipment and exhibits	12,544,410
Accumulated depreciation	(2,680,226)
Construction in progress	<u>31,173</u>
Property, equipment and exhibits, net	<u>\$ 9,895,357</u>

As of September 30, 2022, the Science Center's construction in progress consisted of the accumulated costs associated with the custom coral tank system.

**8. Notes Payable**

The Science Center has a \$750,000 line of credit extended by TD Bank. The line of credit is due on demand, and carries an interest rate of 1% over the lender's prime rate (7.25% as of September 30, 2022). The line of credit is secured by all the Science Center's personal and real property. As of September 30, 2022, there is \$750,000 available under this line of credit.

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.

The Science Center had a note payable to a financing institution, secured by a vehicle. The note required monthly installments of \$348 principal only. The note was paid off in December 2021.

The Science Center had a note due to an insurance premium finance company requiring monthly payments of principal and interest. The note was unsecured and required monthly installments of \$7,408, including principal and interest at a rate of 8.50%. The note was paid off in May 2022.

**9. 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, 2022, 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	\$ 321,531
Capital projects	<u>18,122,079</u>
Total purpose restricted	<u>18,443,610</u>

***For the Year Ended September 30, 2022*****9. Net Assets With Donor Restrictions, continued**

Subject to the passage of time:	
Contributions receivable	\$ 15,000
Beneficial interest in trust	<u>4,936</u>
Total time restriction	<u>19,936</u>
Perpetual in nature:	
Beneficial interest in trust	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 18,513,546</u>

**10. 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. The Science Center also leases office equipment under a non-cancellable operating lease that expires in December 2025.

Future minimum payments under these leases are as follows:

<u>September 30,</u>	
2023	\$ 25,938
2024	12,468
2025	12,468
2026	<u>3,117</u>
	<u>\$ 53,991</u>

Operating lease expense amounted to approximately \$59,765 for the year ended September 30, 2022, and is included in other fees and rentals in the Statement of Functional Expenses.

**11. 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, 2022 was \$24,936 and is included in employee benefits in the Statement of Functional Expenses.

***For the Year Ended September 30, 2022***

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**12. Concentration of Credit Risk**

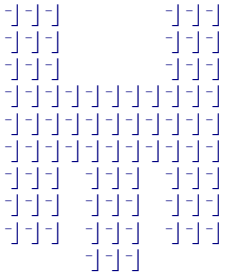
The Science Center maintains its cash and cash equivalents in several accounts at select financial institution, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There was approximately \$5,663,800 of cash and cash equivalents that exceeded the federal insurance limit or that was uninsured as of September 30, 2022. 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.

**13. Capital Campaign**

In 2021, the Science Center began a capital campaign 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.

**14. Subsequent Events**

Management has evaluated subsequent events through April 10, 2023, 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.



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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  
Cox 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 Cox Science Center and Aquarium, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, 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 10, 2023.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cox 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 Cox Science Center and Aquarium, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cox Science Center and Aquarium, Inc.'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cox 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 statements. 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 Cox Science Center and Aquarium, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cox Science Center and Aquarium, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
April 10, 2023

**SUPPLEMENTARY INFORMATION**



**COX SCIENCE CENTER AND AQUARIUM, INC. SCHEDULE OF REVENUES AND EXPENSES  
- OPERATIONS AND CAPITAL PROJECT**

***For the Year Ended September 30, 2022***

	Operations	Capital Project	Totals
Revenues:			
Governmental support	\$ 868,640	\$ -	\$ 868,640
Private gifts and grants	1,923,874	18,183,520	20,107,394
Special events	273,685	-	273,685
Educational programs	387,354	-	387,354
Admissions	1,535,708	-	1,535,708
Museum store	254,855	-	254,855
Membership dues	405,928	-	405,928
SBA loan forgiveness	382,562	-	382,562
Investment income	-	131,042	131,042
Change in unrealized loss on investments	-	(251,593)	(251,593)
Change in value of beneficial interest in trust	(13,245)	-	(13,245)
Other income	99,462	-	99,462
Total	<u>6,118,823</u>	<u>18,062,969</u>	<u>24,181,792</u>
Expenses:			
Salaries	1,769,189	194,022	1,963,211
Employee benefits	298,715	-	298,715
Total salaries and related benefits	2,067,904	194,022	2,261,926
Advertising and marketing	338,522	-	338,522
Bank and credit card fees	94,895	-	94,895
Capital campaign	-	1,695,160	1,695,160
Contract services	344,063	-	344,063
Cost of sales	103,868	-	103,868
Dues and subscriptions	10,482	-	10,482
Exhibit fees and rentals	261,802	-	261,802
Facility rentals and costs	251,375	-	251,375
Insurance	159,131	-	159,131
Maintenance and repairs	204,561	-	204,561
Materials and supplies	569,288	-	569,288
Other costs	64,950	-	64,950
Other fees and rentals	93,187	-	93,187
Postage and shipping	9,356	-	9,356
Printing	50,456	-	50,456
Professional fees	80,999	-	80,999
Telephone	32,387	-	32,387
Travel	32,131	-	32,131
Utilities	219,798	-	219,798
Total	<u>4,989,155</u>	<u>1,889,182</u>	<u>6,878,337</u>
Excess of revenues over expenses before depreciation expense	1,129,668	16,173,787	17,303,455
Depreciation expense	<u>415,488</u>	<u>-</u>	<u>415,488</u>
Excess of revenues over expenses	<u>\$ 714,180</u>	<u>\$ 16,173,787</u>	<u>\$ 16,887,967</u>

*See independent auditor's report.*

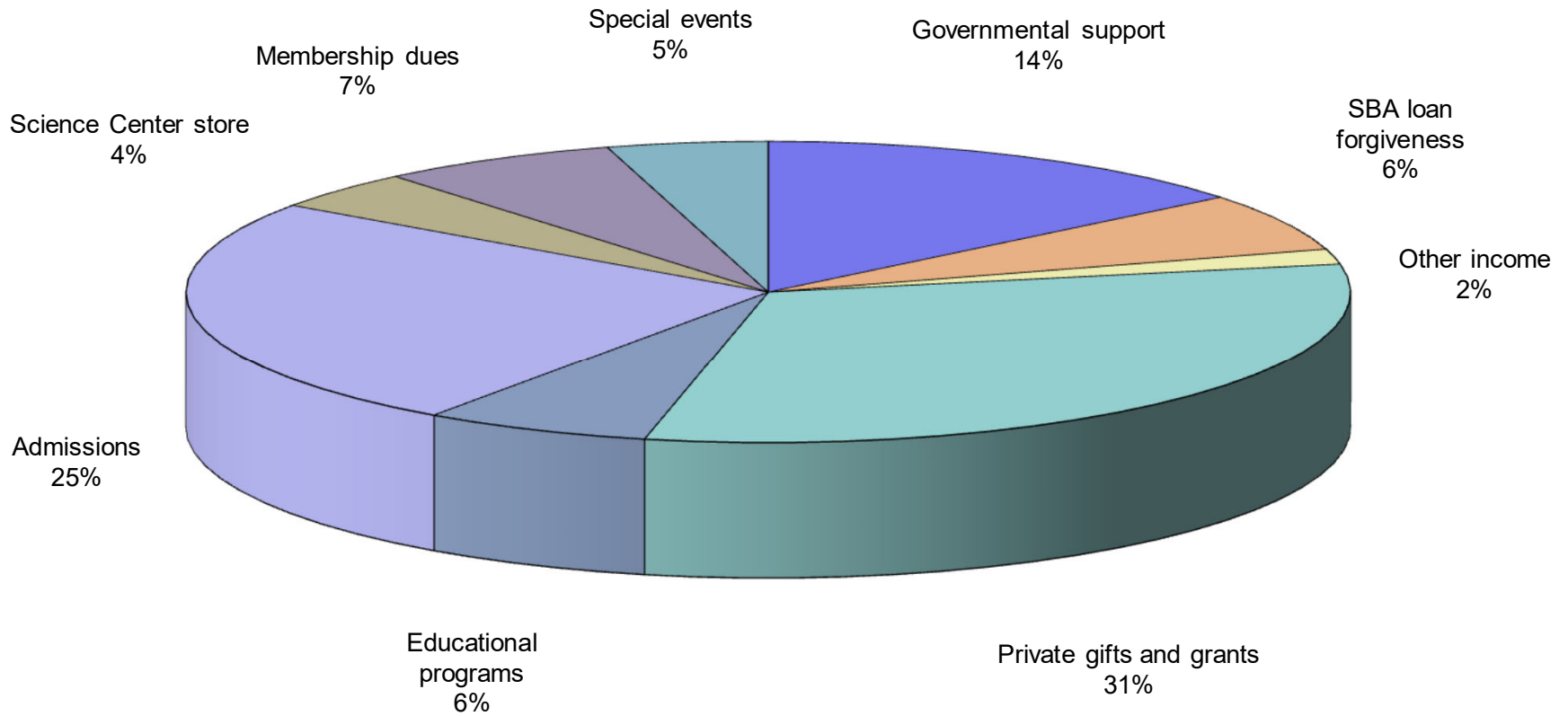
**COX SCIENCE CENTER AND AQUARIUM, INC.**

**SCHEDULE OF  
PROGRAM SERVICES**

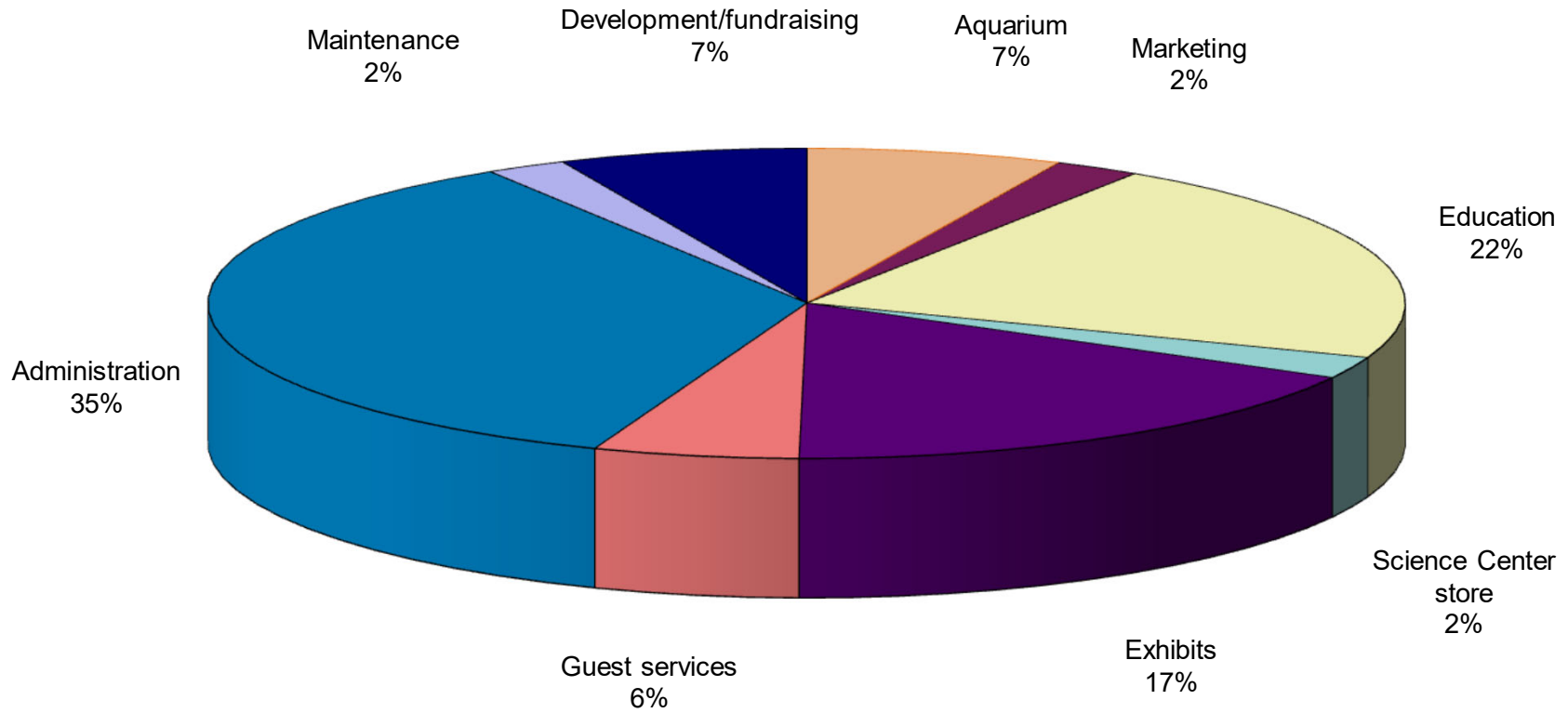
***For the Year Ended September 30, 2022***

	Aquarium	Education	Exhibits	Guest Services	Museum Store	Totals
Salaries	\$ 196,137	\$ 476,503	\$ 335,697	\$ 276,001	\$ 40,047	\$ 1,324,385
Employee benefits	30,697	71,921	53,911	35,406	2,553	194,488
Total salaries and related benefits	226,834	548,424	389,608	311,407	42,600	1,518,873
Advertising and marketing	26,446	92,564	92,564	10,579	2,646	224,799
Contract services	22,020	85,467	61,768	7,775	2,195	179,225
Cost of sales	-	-	-	-	103,868	103,868
Dues and subscriptions	-	261	-	-	-	261
Exhibit fees and rentals	-	-	261,802	-	-	261,802
Insurance	15,913	55,696	55,696	6,365	1,592	135,262
Maintenance and repairs	21,713	66,001	67,264	7,237	1,809	164,024
Materials and supplies	100,926	356,257	27,944	10,717	745	496,589
Other costs	1,221	2,702	2,138	15,925	61	22,047
Other fees and rentals	4,097	64,474	14,339	1,639	410	84,959
Postage and shipping	524	5,046	1,834	209	53	7,666
Printing	4,423	15,482	16,970	1,769	442	39,086
Professional fees	9,007	31,531	31,531	3,604	901	76,574
Telephone	3,205	11,217	11,217	1,282	320	27,241
Travel	4,531	7,692	-	68	1,192	13,483
Utilities	21,806	78,048	76,328	8,723	2,181	187,086
Total expenses before depreciation	462,666	1,420,862	1,111,003	387,299	161,015	3,542,845
Depreciation expense	41,549	145,420	145,420	16,619	4,156	353,164
Total functional expenses	<u>\$ 504,215</u>	<u>\$ 1,566,282</u>	<u>\$ 1,256,423</u>	<u>\$ 403,918</u>	<u>\$ 165,171</u>	<u>\$ 3,896,009</u>

*See independent auditor's report.*



See independent auditor's report.



*See independent auditor's report.*