

**UDT-SEAL Museum Association, Inc.
ANNUAL FINANCIAL REPORT**

December 31, 2020

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ANNUAL FINANCIAL REPORT**

December 31, 2020

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
UDT-SEAL Museum Association, Inc.
Fort Pierce, Florida

Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of UDT-SEAL Museum Association, Inc. (a nonprofit organization), as of December 31, 2020, and the related statements of revenues and other support, expenses and changes in net assets – modified cash basis, changes in cash – modified cash basis and functional expenses – modified cash basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 of 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 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fort Pierce / Stuart

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To the Board of Directors
UDT-SEAL Museum Association, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of UDT-SEAL Museum Association, Inc. as of December 31, 2020, and its revenue collected and expenses paid during the year ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

October 25, 2021

UDT-SEAL Museum Association, Inc.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
December 31, 2020

ASSETS	
Current Assets	
Cash and equivalents	\$ 3,781,497
Investments	806,305
Inventory	270,533
Total Current Assets	<u>4,858,335</u>
Noncurrent Assets	
Fixed Assets	
Land	277,900
Construction in progress	155,046
Buildings and improvements	292,608
Plaques, exhibits and displays	4,685,374
Leasehold improvements	2,035,762
Furniture and equipment	302,689
Signage	72,238
Less - accumulated depreciation	<u>(1,458,818)</u>
Total Fixed Assets	<u>6,362,799</u>
Total Assets	<u><u>\$ 11,221,134</u></u>
 LIABILITIES AND NET ASSETS	
Current Liabilities	
Other liabilities	\$ 77,759
Noncurrent Liabilities	
PPP loan payable	<u>172,500</u>
Total Liabilities	<u>250,259</u>
Net Assets	
With donor restrictions	414,112
Without donor restrictions - board designated endowment fund	805,584
Without donor restrictions	<u>9,751,179</u>
Total Net Assets	<u>10,970,875</u>
Total Liabilities and Net Assets	<u><u>\$ 11,221,134</u></u>

The accompanying notes to financial statements are an integral part of this statement.

UDT-SEAL Museum Association, Inc.
STATEMENT OF REVENUES AND OTHER SUPPORT, EXPENSES AND
CHANGES IN NET ASSETS – MODIFIED CASH BASIS
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Support			
Contributions	\$ 884,399	\$ 322,790	\$ 1,207,189
Grants	140,000	-	140,000
Total Support	<u>1,024,399</u>	<u>322,790</u>	<u>1,347,189</u>
Revenues			
Fundraising, net of expenses (\$282,534)	772,938	-	772,938
Admissions	348,326	-	348,326
Ship store, net of expenses (\$213,789)	99,238	-	99,238
Memberships	76,020	-	76,020
Investment income	86,398	-	86,398
Miscellaneous income	9,000	-	9,000
Total Revenues	<u>1,391,920</u>	<u>-</u>	<u>1,391,920</u>
Gains			
Gain on sale of assets	112,980	-	112,980
Net assets released from restrictions:	269,005	(269,005)	-
Total Support, Gains and Revenues	<u>2,798,304</u>	<u>53,785</u>	<u>2,852,089</u>
Expenses			
Program Services			
Public education	1,522,728	-	1,522,728
Trident House	171,223	-	171,223
Total Program Services	<u>1,693,951</u>	<u>-</u>	<u>1,693,951</u>
Support Services			
General administration	208,937	-	208,937
Fundraising	210,220	-	210,220
Total Supporting Services	<u>419,157</u>	<u>-</u>	<u>419,157</u>
Total Expenses	<u>2,113,108</u>	<u>-</u>	<u>2,113,108</u>
Change in Net Assets	685,196	53,785	738,981
Net Assets - January 1, 2020	<u>9,871,567</u>	<u>360,327</u>	<u>10,231,894</u>
Net Assets - December 31, 2020	<u>\$ 10,556,763</u>	<u>\$ 414,112</u>	<u>\$ 10,970,875</u>

The accompanying notes to financial statements are an integral part of this statement.

UDT-SEAL Museum Association, Inc.
STATEMENT OF CHANGES IN CASH – MODIFIED CASH BASIS
For the Year Ended December 31, 2020

Cash Flows From Operating Activities

Increase in net assets	\$ 738,981
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Gain on sale of assets	(112,980)
Depreciation	247,397
Increase in inventory	(16,111)
Increase in other liabilities	<u>46,718</u>
Net Cash Provided by Operating Activities	<u>904,005</u>

Cash Flows Provided by Investing Activities

Proceeds from sale of fixed assets	521,116
Purchases of fixed assets	(855,401)
Purchases of marketable securities	(36,806)
Proceeds from sales of marketable securities	<u>440,990</u>
Net Cash Provided by Investing Activities	<u>69,899</u>

Cash Flows from Financing Activities

Proceeds from PPP loan	<u>172,500</u>
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Net Increase in Cash	1,146,404
Cash, January 1, 2020	<u>2,635,093</u>
Cash, December 31, 2020	<u><u>\$ 3,781,497</u></u>

The accompanying notes to financial statements are an integral part of this statement.

UDT-SEAL Museum Association, Inc.
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
For the Year Ended December 31, 2020

	Program Services			Supporting Services			Total Expenses
	Public Education	Trident House	Total Program Services	General Administration	Fundraising	Total Supporting Services	
Salaries and wages	\$ 658,132	\$ -	\$ 658,132	\$ 128,208	\$ 68,377	\$ 196,585	\$ 854,717
Depreciation	234,011	13,386	247,397	-	-	-	247,397
Marketing and promotion	-	715	715	-	126,088	126,088	126,803
Repairs and maintenance	88,176	20,325	108,501	-	-	-	108,501
Insurance	70,298	9,162	79,460	21,189	5,297	26,486	105,946
Family support	72,507	24,397	96,904	-	-	-	96,904
San Diego expansion	96,597	-	96,597	-	-	-	96,597
Scholarships	-	88,700	88,700	-	-	-	88,700
Payroll taxes	65,567	-	65,567	13,988	7,868	21,856	87,423
Professional fees	10,375	-	10,375	31,123	-	31,123	41,498
Utilities	29,544	7,327	36,871	-	-	-	36,871
Office	31,847	-	31,847	2,123	1,416	3,539	35,386
Bank charges	35,076	-	35,076	-	-	-	35,076
Other	12,091	7,211	19,302	6,434	-	6,434	25,736
Supplies	16,442	-	16,442	5,872	1,174	7,046	23,488
Artifact maintenance	21,616	-	21,616	-	-	-	21,616
Archival digitization	20,881	-	20,881	-	-	-	20,881
FITH magazine	16,566	-	16,566	-	-	-	16,566
Dues and subscriptions	14,448	-	14,448	-	-	-	14,448
Recognition	11,025	-	11,025	-	-	-	11,025
Telephone	9,595	-	9,595	-	-	-	9,595
Equipment rent	7,934	-	7,934	-	-	-	7,934
Total Expenses	\$ 1,522,728	\$ 171,223	\$ 1,693,951	\$ 208,937	\$ 210,220	\$ 419,157	\$ 2,113,108

The accompanying notes to financial statements are an integral part of this statement.

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

UDT-SEAL Museum Association, Inc. d/b/a National Navy UDT-SEAL Museum (the "Museum") is the only museum dedicated solely to preserving the history and heritage of the Navy SEALs and their predecessors, including Naval Combat Demolition Units, Office of Strategic Services Maritime Units, Amphibious Scouts and Raiders and Underwater Demolition Teams. Located in Fort Pierce, Florida the birthplace of the Navy Frogman, the Museum promotes public education by providing the opportunity to explore the history of Naval Special Warfare. We honor our fallen on the black granite walls of the Navy SEAL Memorial housed on the Museum grounds while caring for our families through the Trident House and Navy SEAL Museum Scholarship Fund.

During the year, the UDT-SEAL Museum Association, Inc. formed a single member LLC, with the UDT-SEAL Museum Association, Inc. as the single member, to begin a capital campaign for the San Diego, California expansion, named Navy SEAL Museum San Diego, LLC d/b/a Navy SEAL Xperience.

Accounting Policies

UDT-SEAL Museum Association, Inc.'s policy is to maintain its accounting records and prepare its financial statements on the modified basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses and the related liabilities are recognized when paid rather than when the obligations are incurred.

Financial Statement Presentation

The Museum prepares its financial statements using the modified cash basis of accounting and accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Museum considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Property and equipment are recorded at cost if purchased and at fair market value at the date of donation, if donated. Equipment and improvements are capitalized if the cost is \$1,000 or greater and a useful life when acquired of more than one (1) year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed. Depreciation on all assets is computed using the straight-line method over the estimated useful lives ranging from five to thirty-nine years.

Historical Treasures

The Museum has elected not to record the value of donated artifacts as the fair market value is not readily determinable. The Museum also displays certain artifacts on loan from the U.S. Government and other entities. All artifacts held by the Museum are inventoried and maintained as necessary. The artifacts held by the Museum relate to the history and heritage of the Navy SEALs and their predecessors, including, but not limited to, weaponry, transportation, and other symbolic objects from history and are integral to the Museum's operations and mission.

Admission Fee

The Museum is open to the general public for historical and educational purposes. A fee is charged for admission to the Museum buildings, but not the grounds of the Museum.

Gifts-in-Kind Contributions

The Museum periodically receives contributions in a form other than cash or investments. If the Museum receives a contribution of land, buildings or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meet the capitalization policy.

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Museum, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Museum must continue to use the resources in accordance with the donor's instructions.

The Museum's unspent contributions are included in this class if the donor limited their use, as are its donor restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Museum, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of support, revenues, expenses and changes in net assets – modified cash basis. Accordingly, the Museum charges cost to programs and supporting services based on direct expenditures incurred. Expenses that are not directly identifiable with any other specific function are allocated based on evaluations of the related benefits.

Advertising

Advertising costs are generally expensed as incurred and totaled \$126,803 for the year ending December 31, 2020.

Tax Status

UDT-SEAL Museum Association, Inc. has qualified as a nonprofit organization, and is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Museum are tax deductible to donors under Section 170 of the IRC. The Museum is not classified as a private foundation within the meaning of Section 509(a). The Museum's income tax return for the years 2017, 2018, and 2019 remain open to examination by the Internal Revenue Service.

Investments

In accordance with the Museum's policy to maintain its accounting records and prepare its financial statements on the modified cash basis of accounting, investments are presented in the accompanying financial statements at cost rather than fair value.

Inventory

Inventory consists of merchandise available for sale at the Museum Store and on the website. In addition, certain other items not available for sale, but utilized in the fund-raising efforts are also inventoried until committed. All inventories are stated at cost using the average cost method of inventory.

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Museum reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Center has access at the measurement date.
- Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Museum measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

NOTE 2 – CASH

At December 31, 2020, the Museum had deposits at various financial institutions with a carrying value of \$1,639,211, of which \$1,097,546 was not insured by the Federal Deposit Insurance Corporation.

At December 31, 2020, the Organization had money market accounts covered by the Securities Investor Protection Corporation (SIPC) totaling \$2,142,286. The money market accounts are SIPC insured up to \$250,000 for cash and \$500,000 per customer and the protection provided is only if the brokerage firm ceases doing business and not against losses from fluctuation in the value of the securities.

The Museum has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

NOTE 3 – INVESTMENTS

Investments available-for-sale at December 31, 2020 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Equity securities	<u>\$ 806,305</u>	<u>\$ 901,425</u>

In accordance with the modified cash basis of accounting, investments are presented at cost in the accompanying financial statements. Fair market value was determined by the market price at year end.

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 – INVESTMENTS (CONTINUED)

Cash and securities held by brokerage institutions are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000 per customer. The asset protection provided by the SIPC is not against losses from fluctuations in the value of the securities, but rather only if the brokerage firm ceases doing business. Investments subject to market risk of fluctuations in value at December 31, 2020 include \$806,305 (cost) in marketable securities

All equity securities are level 1 investments at December 31, 2020.

NOTE 4 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 are:

Cash	\$ 3,781,497
Investments	806,305
Less amounts with donor restrictions	(414,112)
Less Board designated amounts	<u>(805,584)</u>
Total financial assets available for general expenditure	<u>\$ 3,368,106</u>

NOTE 5 – LEASES

The Museum leases a copier and a postage machine under five year operating leases expiring in July 2021 and December 2024, respectively, totaling \$538 per month. Equipment rent expense for the year ended December 31, 2020 was \$7,934. Future minimum lease payments by fiscal year are as follow:

Fiscal Year Ending December 31,	Copier
2021	\$ 3,961
2022	468
2023	468
2024	468
Total minimum lease payments	<u>\$ 5,365</u>

The Museum leases the land and certain buildings from the State of Florida through a lease with St. Lucie County as the administrator that expires October 31, 2044. The lease requires the Museum to maintain the buildings in lieu of rent.

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 – LINE OF CREDIT

The Museum closed its line of credit with TD Bank in the amount of \$500,000 for future construction projects.

Subsequent to year end, the Museum opened a new uncollateralized line of credit with Marine Bank in the amount of \$500,000 for future construction projects.

NOTE 7 – RELEASE OF RESTRICTIONS

Net assets were released from donor or grant restrictions by incurring expenses satisfying the restricted purpose by donors or grantees as follows:

Released from Restrictions:	
Navy SEAL Monument, VA Beach	\$ 20,449
Obstacle Course Project	9,229
SEAL Support (Trident House)	<u>239,327</u>
Total	<u><u>\$ 269,005</u></u>

NOTE 8 – RESTRICTED NET ASSETS

Restrictions on assets result from contributions, grants or bequests that have been restricted by the donors.

Assets with donor restrictions at year-end consisted of the following:

Purpose Restriction:	
Navy SEAL Monument, VA Beach	\$ 105,834
Future Projects	100,000
SEAL Support (Trident House)	<u>208,278</u>
Total	<u><u>\$ 414,112</u></u>

NOTE 9 – LOAN PAYABLE

On April 20, 2020, the Museum was granted a loan (the "Loan") in the aggregate amount of \$172,500, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note matures on April 20, 2022 and bears interest at a rate of 1.00% per annum. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization used the entire Loan amount for qualifying expenses. Subsequent to year-end, the loan was forgiven.

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 – LOAN PAYABLE (CONTINUED)

Subsequent to year-end, the Museum was granted an additional loan in the aggregate amount of \$146,030, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act.

NOTE 10 – ENDOWMENT

FASB ASC 958-205 provides guidance on the net asset classification of board-designated endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also requires additional disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to functions supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization’s spending and investing policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on investments to achieve its long-term return for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment. In making its decisions, the Organization uses reasonable care, skill, and caution in considering the purposes of the Organization, the intent of the donors of the endowment, the terms of applicable instruments, the long-term and short-term needs of the Organization in carrying out its purposes, the general economic conditions, the possible effect of inflation or deflation, or other resources of the Organization, and perpetuation of the endowment.

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Type of Endowment Fund			
Board-designated endowment	\$ 805,584	\$ -	\$ 805,584
Total	\$ 805,584	\$ -	\$ 805,584

UDT-SEAL Museum Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 – RELATED PARTIES

During the year ended December 31, 2020, the Museum hired a related party entity for services provided in relation to a fundraising event, as certain members of the Board are owners of the related party entity. Payments made to the related party entity totaled \$31,263 during the fiscal year ended December 31, 2020.

During the year ended December 31, 2020, the Museum sold the former Trident House at fair market value to the incoming Executive Director.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 25, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 13 – COVID-19

On January 30, 2020, The World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Museum operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Museum.

SUPPLEMENTARY INFORMATION

UDT-SEAL Museum Association, Inc.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS BY COMPONENT – MODIFIED CASH BASIS
December 31, 2020

	Florida	California	Total
ASSETS			
Current Assets			
Cash and equivalents	\$ 3,655,011	\$ 126,486	\$ 3,781,497
Investments	806,305	-	806,305
Intercompany loan (payable)/receivable	300,000	(300,000)	-
Inventory	270,533	-	270,533
Total Current Assets	5,031,849	(173,514)	4,858,335
Noncurrent Assets			
Fixed Assets			
Land	277,900	-	277,900
Construction in progress	17,146	137,900	155,046
Buildings and improvements	292,608	-	292,608
Plaques, exhibits and displays	4,685,374	-	4,685,374
Leasehold improvements	2,035,762	-	2,035,762
Furniture and equipment	302,689	-	302,689
Signage	72,238	-	72,238
Less - accumulated depreciation	(1,458,818)	-	(1,458,818)
Total Fixed Assets	6,224,899	137,900	6,362,799
Total Assets	\$ 11,256,748	\$ (35,614)	\$ 11,221,134
LIABILITIES AND NET ASSETS			
Current Liabilities			
Other liabilities	\$ 77,759	\$ -	\$ 77,759
Noncurrent Liabilities			
PPP loan payable	172,500	-	172,500
Total Liabilities	250,259	-	250,259
Net Assets			
With donor restrictions	414,112	-	414,112
Without donor restrictions - board designated endowment fund	805,584	-	805,584
Without donor restrictions	9,786,793	(35,614)	9,751,179
Total Net Assets	11,006,489	(35,614)	10,970,875
Total Liabilities and Net Assets	\$ 11,256,748	\$ (35,614)	\$ 11,221,134

The accompanying notes to financial statements are an integral part of this statement.

UDT-SEAL Museum Association, Inc.
STATEMENT OF REVENUES AND OTHER SUPPORT, EXPENSES AND
CHANGES IN NET ASSETS BY COMPONENT – MODIFIED CASH BASIS
For the Year Ended December 31, 2020

	<u>Florida</u>	<u>California</u>	<u>Total</u>
Revenues, gains, and other support			
Support			
Contributions	\$ 1,207,189	\$ -	\$ 1,207,189
Grants	140,000	-	140,000
Total Support	<u>1,347,189</u>	<u>-</u>	<u>1,347,189</u>
Revenues			
Fundraising, net of expenses (\$282,534)	772,938	-	772,938
Admissions	348,326	-	348,326
Ship store, net of expenses (\$213,789)	99,238	-	99,238
Memberships	76,020	-	76,020
Investment income	86,388	10	86,398
Miscellaneous income	9,000	-	9,000
Total Revenues	<u>1,391,910</u>	<u>10</u>	<u>1,391,920</u>
Gains			
Gain on sale of assets	112,980	-	112,980
Total Support, Gains and Revenues	<u>2,852,079</u>	<u>10</u>	<u>2,852,089</u>
Expenses			
Program Services			
Public education	1,511,837	10,890	1,522,727
Trident House	171,223	-	171,223
Total Program Services	<u>1,683,060</u>	<u>10,890</u>	<u>1,693,950</u>
Support Services			
General administration	184,374	24,564	208,938
Fundraising	210,050	170	210,220
Total Supporting Services	<u>394,424</u>	<u>24,734</u>	<u>419,158</u>
Total Expenses	<u>2,077,484</u>	<u>35,624</u>	<u>2,113,108</u>
Change in Net Assets	774,595	(35,614)	738,981
Net Assets - January 1, 2020	<u>10,231,894</u>	<u>-</u>	<u>10,231,894</u>
Net Assets - December 31, 2020	<u>\$ 11,006,489</u>	<u>\$ (35,614)</u>	<u>\$ 10,970,875</u>

The accompanying notes to financial statements are an integral part of this statement.

UDT-SEAL Museum Association, Inc.
STATEMENT OF CHANGES IN CASH BY COMPONENT – MODIFIED CASH BASIS
For the Year Ended December 31, 2020

	<u>Florida</u>	<u>California</u>	<u>Total</u>
Cash Flows From Operating Activities			
Increase/(Decrease) in net assets	\$ 774,595	\$ (35,614)	\$ 738,981
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:			
Gain on sale of assets	(112,980)	-	(112,980)
Depreciation	247,397	-	247,397
Increase in inventory	(16,111)	-	(16,111)
Increase in intercompany loan receivable	(300,000)	-	(300,000)
Increase in other liabilities	46,718	-	46,718
Net Cash Provided by Operating Activities	<u>639,619</u>	<u>(35,614)</u>	<u>604,005</u>
Cash Flows Provided/(Used) by Investing Activities			
Proceeds from sale of fixed assets	521,116	-	521,116
Purchases of fixed assets	(717,501)	(137,900)	(855,401)
Purchases of marketable securities	(36,806)	-	(36,806)
Proceeds from sales of marketable securities	440,990	-	440,990
Net Cash Provided/(Used) by Investing Activities	<u>207,799</u>	<u>(137,900)</u>	<u>69,899</u>
Cash Flows from Financing Activities			
Proceeds from PPP loan	172,500	-	172,500
Proceeds from intercompany loan	-	300,000	300,000
Net Cash Provided/(Used) by Financing Activities	<u>172,500</u>	<u>300,000</u>	<u>472,500</u>
Net Increase in Cash	1,019,918	126,486	1,146,404
Cash, January 1, 2020	<u>2,635,093</u>	<u>-</u>	<u>2,635,093</u>
Cash, December 31, 2020	<u>\$ 3,655,011</u>	<u>\$ 126,486</u>	<u>\$ 3,781,497</u>

The accompanying notes to financial statements are an integral part of this statement.

UDT-SEAL Museum Association, Inc.
STATEMENT OF FUNCTIONAL EXPENSES BY COMPONENT – MODIFIED CASH BASIS
For the Year Ended December 31, 2020

Florida							
	Program Services			Supporting Services			
	Public Education	Trident House	Total Program Services	General Administration	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	\$ 656,577	\$ -	\$ 656,577	\$ 127,905	\$ 68,215	\$ 196,120	\$ 852,697
Depreciation	234,011	13,386	247,397	-	-	-	247,397
Marketing and promotion	-	715	715	-	126,088	126,088	126,803
Repairs and maintenance	88,176	20,325	108,501	-	-	-	108,501
Insurance	70,298	9,162	79,460	21,189	5,297	26,486	105,946
Family support	72,507	24,397	96,904	-	-	-	96,904
San Diego expansion	96,597	-	96,597	-	-	-	96,597
Scholarships	-	88,700	88,700	-	-	-	88,700
Payroll taxes	65,567	-	65,567	13,988	7,868	21,856	87,423
Professional fees	2,425	-	2,425	7,273	-	7,273	9,698
Utilities	29,544	7,327	36,871	-	-	-	36,871
Office	31,657	-	31,657	2,110	1,408	3,518	35,175
Bank charges	35,076	-	35,076	-	-	-	35,076
Other	10,896	7,211	18,107	6,036	-	6,036	24,143
Supplies	16,442	-	16,442	5,872	1,174	7,046	23,488
Artifact maintenance	21,616	-	21,616	-	-	-	21,616
Archival digitization	20,881	-	20,881	-	-	-	20,881
FITH magazine	16,566	-	16,566	-	-	-	16,566
Dues and subscriptions	14,448	-	14,448	-	-	-	14,448
Recognition	11,025	-	11,025	-	-	-	11,025
Telephone	9,595	-	9,595	-	-	-	9,595
Equipment rent	7,934	-	7,934	-	-	-	7,934
Total Florida Expenses	\$ 1,511,838	\$ 171,223	\$ 1,683,061	\$ 184,373	\$ 210,050	\$ 394,423	\$ 2,077,484

California							
	Program Services			Supporting Services			
	Public Education	Trident House	Total Program Services	General Administration	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	\$ 1,555	\$ -	\$ 1,555	\$ 303	\$ 162	\$ 465	\$ 2,020
Professional fees	7,950	-	7,950	23,850	-	23,850	31,800
Office	190	-	190	13	8	21	211
Other	1,195	-	1,195	398	-	398	1,593
Total California Expenses	\$ 10,890	\$ -	\$ 10,890	\$ 24,564	\$ 170	\$ 24,734	\$ 35,624

Total Expenses	\$ 1,522,728	\$ 171,223	\$ 1,693,951	\$ 208,937	\$ 210,220	\$ 419,157	\$ 2,113,108
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The accompanying notes to financial statements are an integral part of this statement.