Hood & Strong

Advisory, Tax
and Assurance

Monterey Bay Aquarium Foundation

December 31, 2025

Financial Statements

Monterey Bay Aquarium Foundation

Table of Contents

Independent Auditors' Report

TO THE BOARD OF TRUSTEES OF
MONTEREY BAY AQUARIUM FOUNDATION
Monterey, California

Opinion

We have audited the financial statements of **MONTEREY BAY AQUARIUM FOUNDATION (the Aquarium)**, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Aquarium as of December 31, 2025, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Aquarium 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aquarium's ability to continue as a going concern for one year from the date of this report.

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aquarium's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aquarium'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 Matters

Report on Summarized Comparative Information

We have previously audited the Aquarium's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 7, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
August 10, 2026

Monterey Bay Aquarium Foundation

Statement of Financial Position
(in thousands)

Year Ended December 31, 2025 (with comparative totals for 2024)

		2025		2024
Assets				
Cash and cash equivalents	$	3,984	$	5,577
Accounts receivable		2,978		2,838
Pledges and grants receivable, net		64,083		59,555
Investments		633,833		558,279
Prepaid expenses and other assets		2,902		2,634
Beneficial interest in split-interest agreements		2,408		3,503
Property, equipment, and exhibits, net		215,683		205,286
Total assets	$	925,871	$	837,672
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued liabilities	$	9,605	$	9,088
Salary and payroll related liabilities		4,271		5,666
Deferred revenue		8,495		8,445
Total liabilities		22,371		23,199
Net Assets:				
Undesignated		32,481		21,443
Invested in property, equipment and exhibits, net		215,683		205,286
Designated for infrastructure reserve		111,832		126,265
Board-designated quasi-endowment		378,609		321,740
Total net assets without donor restrictions		738,605		674,734
Net assets with donor restrictions		164,895		139,739
Total net assets		903,500		814,473
Total liabilities and net assets	$	925,871	$	837,672

See accompanying notes to the financial statements.

Monterey Bay Aquarium Foundation

Statement of Activities and Changes in Net Assets
(in thousands)

Year Ended December 31, 2025 (with comparative totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	2024 Total
Support and Revenues:				
Admissions	$ 66,794		$ 66,794	$ 66,684
Contributions and grants	24,148	$ 52,451	76,599	92,811
Memberships	12,968		12,968	13,514
Merchandising and food services	6,044		6,044	5,836
Endowment distribution	10,980	1,948	12,928	12,038
Tour and event revenue	5,941		5,941	5,359
Rental and parking	2,127		2,127	2,104
Other revenue	1,051		1,051	754
Net assets released from restrictions	34,457	(34,457)	-	-
Total support and revenues	164,510	19,942	184,452	199,100
Expenses:				
Program services:				
Animal care and aquarium experience	86,818		86,818	81,644
Education and outreach	9,229		9,229	8,734
Conservation and science	16,681		16,681	14,135
Total program services	112,728	-	112,728	104,513
Support Services:				
Management and general	16,413		16,413	14,004
Development	5,653		5,653	4,524
Membership services	3,028		3,028	2,807
Rental facilities expense	1,797		1,797	1,357
Total support services	26,891	-	26,891	22,692
Total expenses	139,619	-	139,619	127,205
Change in Net Assets Before Non-Operating Activities	24,891	19,942	44,833	71,895
Non-Operating Activities:				
Investment income, net	49,960	7,162	57,122	39,410
Endowment distribution	(10,980)	(1,948)	(12,928)	(12,038)
Total non-operating activities	38,980	5,214	44,194	27,372
Change in Net Assets	63,871	25,156	89,027	99,267
Net Assets, beginning of year	674,734	139,739	814,473	715,206
Net Assets, end of year	$ 738,605	$ 164,895	$ 903,500	$ 814,473

See accompanying notes to the financial statements.

Monterey Bay Aquarium Foundation

Statement of Functional Expenses
(in thousands)

Year Ended December 31, 2025 (with comparative totals for 2024)

	Program Services				Support Services						
	Animal Care and Aquarium Experience	Education and Outreach	Conservation and Science	Total Program Services	Management and General	Development	Membership Services	Rental Facilities Expense	Total Support Services	2025 Total	2024 Total
Personnel and related expenses	$ 43,224	$ 5,219	$ 9,053	$ 57,496	$ 8,005	$ 3,453	$ 1,411	$ 110	$ 12,979	$ 70,475	$ 64,761
Cost of sales	4,097		37	4,134		8			8	4,142	3,581
Occupancy and equipment	5,056	704	133	5,893	764	25	11	320	1,120	7,013	6,994
Repairs and maintenance	3,714	108	6	3,828	53	4	2	349	408	4,236	3,766
Outside services and fees	6,148	805	5,478	12,431	2,379	967	1,567	521	5,434	17,865	16,269
Advertising	7,739			7,739	12				12	7,751	8,010
Software licenses and support	4,538	547	122	5,207	1,058	41	11	9	1,119	6,326	5,437
Supplies	2,154	196	257	2,607	56	1,033	2	3	1,094	3,701	2,440
Conferences and travel	1,197	317	1,083	2,597	464	111	17		592	3,189	2,592
Depreciation	8,252	1,162	26	9,440	3,507	9	5	485	4,006	13,446	12,644
Grants and other expenses	699	171	486	1,356	115	2	2		119	1,475	711
Total expense	$ 86,818	$ 9,229	$ 16,681	$ 112,728	$ 16,413	$ 5,653	$ 3,028	$ 1,797	$ 26,891	$ 139,619	$ 127,205

See accompanying notes to the financial statements.

Monterey Bay Aquarium Foundation

Statement of Cash Flows
(in thousands)

Year Ended December 31, 2025 (with comparative totals for 2024)	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	$ 89,027	$ 99,267
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	13,446	12,644
Net gain on investments	(47,328)	(28,273)
Change in discount on multi-year pledges receivable	(2,349)	(8,587)
Contributions for donor-restricted endowment	(23,107)	(615)
Effect of change in		
Receivable, prepaid expenses, and other assets	(408)	131
Pledges and grants receivable, net	(2,179)	(29,334)
Beneficial interest in split-interest agreements	1,095	1,194
Accounts payable and accrued liabilities	435	6
Salary and payroll related liabilities	(1,395)	872
Deferred revenue	50	(387)
Net cash provided by operating activities	27,287	46,918
Cash Flows from Investing Activities:		
Purchases of investments	(880,232)	(875,153)
Proceeds from sale of investments	852,006	850,094
Additions to property, equipment and exhibits	(23,761)	(28,153)
Net cash used by investing activities	(51,987)	(53,212)
Cash Flows from Financing Activities:		
Proceeds from contributions restricted for endowment	23,107	615
Net cash provided by financing activities	23,107	615
Net Change in Cash and Cash Equivalents	(1,593)	(5,679)
Cash and Cash Equivalents - beginning of year	5,577	11,256
Cash and Cash Equivalents - end of year	$ 3,984	$ 5,577
Supplemental Disclosure:		
Accounts payable for capital projects	$ 2,848	$ 2,766

See accompanying notes to the financial statements.

Note 1 - Organization:

The Monterey Bay Aquarium Foundation (the "Aquarium") is a California not-for-profit corporation founded in 1978. The Aquarium's mission is to inspire conservation of the ocean. The Aquarium was created with an initial gift from David and Lucile Packard. The Aquarium facilities opened to the public in 1984. The website is www.montereybayaquarium.org. The Aquarium's annual financial statements are available on its website.

Programs:

Animal Care and Aquarium Experience

The Aquarium's world-class exhibits and unique oceanfront location bring the wonders of the ocean to life for visitors. With over 200 exhibits and 80,000 plants and animals, the Aquarium is a window to the wonders of the ocean, focusing primarily on marine life of Monterey Bay and California's central coast.

Education and Outreach

Education and outreach programs inspiring teachers, students, and emerging teen leaders are based at the Aquarium's Bechtel Family Center for Ocean Education & Leadership. Free online courses for parents, caregivers, educators and students are provided to help young people find their voices as ocean conservation leaders and ensure a healthy future for the ocean.

Conservation and Science

Through conservation and science initiatives, Aquarium scientists are rebuilding sea otter populations, transforming fisheries and aquaculture around the world, and working to protect California's ocean. The Aquarium's policy experts work to address climate change and end plastic pollution. The Seafood Watch program works to shift the global marketplace to make seafood more sustainable.

Note 2 - Significant Accounting Policies:

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (U.S. GAAP). Accordingly, the Aquarium presents information regarding its net assets and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - this portion of net assets is not subject to time or donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Aquarium. Net assets without donor restrictions include funds functioning as endowment and an infrastructure reserve through designation by the Aquarium's Board of Trustees (the Board).

Net assets with donor restrictions - this portion of net assets consists of contributions that are subject to donor-imposed purpose or time restrictions that can be fulfilled either by actions of the Aquarium pursuant to those restrictions and/or with the passage of time. Also included in net assets with donor restrictions are the original gift amounts of endowment gifts which must be maintained in perpetuity, with the income to be used to support operations or another specified purpose.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and cash equivalents on hand, in demand deposit accounts, and in brokerage accounts, except those being held for investment purposes. The Aquarium considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents managed by the Aquarium's investment manager, if any, are included in investments.

Receivables and Contributions

Accounts receivable

Accounts receivable consist of credit card receipts awaiting settlement, rent receivables, and other various sources. The Aquarium measures expected credit losses on other receivables individually and on a collective basis. The Aquarium considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Management has determined no allowance was necessary as of December 31, 2025.

Pledges and grants receivable

Pledges and grants receivable consist of unconditional promises to give. Unconditional promises that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using an appropriate discount rate when discounting has a material effect. Amortization of discounts is included in contribution revenue.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Government grants and contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. At December 31, 2025, the Aquarium has conditional government grants and donor pledges of approximately $15,400. Future payments of donor pledges are conditioned on annual milestones being met and government contracts will be recognized as revenue when the Aquarium has incurred expenditures in compliance with the specific contract or grant provisions. Consequently, at December 31, 2025 the contribution and receivable have not been recognized in the accompanying financial statements.

Contributions

Contributions and grants are recognized when the donor/grantor makes an unconditional promise to give to the Aquarium. Amounts that are restricted by the donor/grantor are reported as increases in net assets with donor restrictions. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Contributions which carry only a donor-imposed time restriction are reported as undesignated support and revenues if the restriction is met in the same calendar year in which the gift is received. The Aquarium records fundraising event revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Aquarium is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts are recognized in the Aquarium’s financial statements as bequests receivable when clear title is established, and the proceeds are measurable. The amount recorded must be reasonably estimated using the court documents or through communication with the estate’s attorneys and/or Trustees. In any given year, the Aquarium will hold its books of record open through the end of February to record bequest revenue.

Revenue Recognition

The Aquarium recognizes revenue when control of the promised goods or services is transferred to the Aquarium’s customers in an amount that reflects the consideration the Aquarium expects to be entitled to in exchange for those goods or services using a five-step model as follows:

- identify the contract with a customer
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to the performance obligations in the contract
- recognize revenue when or as performance obligations are satisfied

The Aquarium recognizes revenue as performance obligations within a contract are satisfied. The revenue streams noted below do not include significant financing components as performance obligations are satisfied within a year of receipt of payment. In addition, there are no consideration amounts that are variable. Because the contracts for the revenue streams noted below have an original expected duration of one year or less, the Aquarium has elected the practical expedient not to disclose the value of unsatisfied performance obligations and expected timing of completion related to these revenues. Payments received in advance of the Aquarium satisfying its performance obligations are recorded as deferred revenue in the Statement of Financial Position.

The Aquarium's earned revenue is primarily derived from admissions fees, membership fees, Aquarium merchandising and food service sales, special events and tours, parking revenue, facility rentals, and Seafood Watch subscription revenue. Cost of sales expense is associated primarily with special event and tours and may include live performances, food and beverage, and other event expenses.

Admissions revenue

Admissions revenue is recognized on the date of admission or six months after the performance date, whichever is earlier. Prepayments are recorded as deferred revenue when collected.

Membership fees

Memberships purchased include a performance obligation to provide various benefits over the membership period, which is one to three years. The primary benefit included in all memberships is unlimited admission during the term. Other benefits included are considered immaterial (quarterly newsletter) or are tied to the admission (on-premises merchandise and food service discounts). Memberships are recorded as deferred revenue and recognized as membership revenue ratably over the membership period.

Merchandising and food services

Merchandising and food services revenue is based on a percentage-of-revenue commission earned from the third-party management company which conducts these operations. Program revenue for enhanced visitor experience is recognized when the service is provided.

Government grants

Government grants awarded on a cost reimbursement basis are considered conditional grants and the revenue is recognized when the condition is met, that is, when allowable costs have been incurred.

Rental and parking revenue

Rental and parking revenue consists of rental income which is recognized on a straight-line basis over the rental period and includes storage and parking fees and any reimbursements from tenants for common area maintenance, insurance, and real estate tax expenses.

Other revenue

Other revenue consists primarily of Seafood Watch subscription revenue which is recognized on a straight-line basis over the term of the subscription which is generally twelve months.

Investments

The Aquarium reports investments at fair value. Realized and unrealized gains and losses resulting from changes in fair value are reflected in the Statement of Activities and Changes in Net Assets as non-operating activities. Dividends and interest are recognized as they are earned. Investments received through gifts are recorded at estimated fair value at the date of donation.

In addition, the Aquarium reports certain investments using the Net Asset Value (NAV) per share as determined by investment managers under the so-called practical expedient. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met. On an annual basis, management reviews the audited financial statements for each investment and compares the value reported by the fund manager to the value contained in the audited financial statements to assess the reasonableness of the valuation. Management also uses investment experts and consultants to facilitate this process.

Fair Value Measurements

The Aquarium carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require the Aquarium to classify these financial instruments into a three-level hierarchy. The Aquarium classifies its financial assets and liabilities according to these three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the Aquarium has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted market prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

Beneficial Interest in Split-Interest Agreements

Assets contributed by donors under trust agreements and controlled by third parties are recorded at fair value as measured by the present value of the estimated future distributions to be received by the Aquarium over the term of the agreement.

Assets contributed by donors under gift annuity agreements and controlled by the Aquarium are recorded at fair value with a corresponding liability to beneficiaries of the annuity agreements. The liability is calculated as the present value of the estimated future cash flows to be distributed to the income beneficiaries over their expected lives. The Aquarium has determined the estimated liability using investment returns consistent with the composition of portfolios, single or joint life expectancies from the Internal Revenue Service Publication 1457, and the risk-adjusted rates applicable in the years in which the agreements were effective.

Property, Equipment, and Exhibits, Net

Property, equipment, and exhibits are recorded at cost or, if donated, at fair value at the date of donation. Assets are capitalized if their useful life is greater than one year and their cost is greater than $25,000. Assets are depreciated using the straight-line method over their estimated useful lives, which generally are as follows:

Assets	Years
Buildings and improvements	5 - 40
Exhibits	3 - 15
Equipment, furniture, and fixtures	3 - 20

The capitalized costs of self-constructed property, equipment, and exhibits assets include direct labor and benefits for employees specifically identified with the project. The 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.

Deferred Revenue

Deferred revenue relates to annual memberships, and other miscellaneous items and is recognized as revenue upon performance of the underlying obligation. As noted above, membership revenue is deferred and recognized ratably over the duration of the membership period.

(dollars in thousands)

The following table provides information about significant changes in deferred membership revenue and other contract liabilities for the year ended December 31, 2025:

Deferred membership revenue, beginning of year	$	7,122
Revenue recognized and earned during the year		(6,085)
Increase in deferred revenue due to cash received during the period		5,884
Deferred membership revenue, end of year	$	6,921
Other contract liabilities, beginning of year	$	1,323
Revenue recognized and earned during the year		(18)
Increase in contract liabilities due to cash received during the period		269
Other contract liabilities, end of year	$	1,574
Total deferred revenue	$	8,495

Operating and Non-Operating Classifications

Operating revenue and expense in the Statement of Activities and Changes in Net Assets include the operating activities associated with furthering the Aquarium's charitable and educational mission. Non-operating income (expense) includes amounts which, due to their nonrecurring or variable nature, are not considered by management as part of operations. Specific items include (a) investment income and net gains (losses) in excess of the spending rate approved by the Board for use in operations; (b) provision for credit losses; (c) gain or loss on disposal of fixed assets; and (d) endowment income appropriations for operations.

Functional Expense Allocations

Expenses which apply to more than one functional category have been allocated based upon various methods determined appropriate by management. Depreciation expense is assigned either by direct identification or based upon square footage used by various departments. Planning, maintenance, facilities, security, and general IT expenses are allocated based upon square footage used by various departments. Volunteer engagement expenses are allocated based upon the number of volunteers working in each department. Certain salaries and marketing expenses are allocated based upon management's estimate of level of effort. All other costs are charged directly to the appropriate department and functional category.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are expensed as incurred and primarily included in Animal Care and Aquarium Experience on the Statement of Activities and Changes in Net Assets. Advertising expenses incurred during 2025 were $7,751 and consisted of the direct costs associated with the creation, production, and placement of the Aquarium's advertising in various media.

Tax Exempt Status

The Monterey Bay Aquarium Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, however, it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Aquarium is also exempt from California state franchise taxes under Section 23701d of the California Revenue and Taxation Code.

As of December 31, 2025, management evaluated the Aquarium's tax positions and concluded that the Aquarium had maintained its tax-exempt status and had taken no material uncertain tax positions that require adjustment to or disclosure in the financial statements.

Comparative Financial Statements

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Aquarium's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Recent Accounting Pronouncements

Pronouncement to be Adopted in the Future

On December 14, 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments require that all entities disclose certain disaggregated information about income taxes. The ASU is effective for nonpublic business entities for years beginning after December 15, 2025. The Aquarium is currently assessing the impact the ASU will have on its financial statements.

(dollars in thousands)

Subsequent Events

The Aquarium has evaluated events for the period from December 31, 2025 through August 10, 2026, the date these financial statements were available to be issued and has determined that no other subsequent events have occurred of a nature that would require recognition or disclosure in the financial statements except as disclosed in Note 6.

Note 3 - Pledges and Grants Receivable, Net:

Pledge and grants receivable are expected to be collected as follows:

Year Ending December 31,		
2026	$	18,098
2027		17,685
2028		13,775
2029		12,500
2030		10,000
Subtotal		72,058
Less:		
Discounts on multi-year pledges receivable		(7,956)
Allowance for doubtful pledges receivable		(19)
	$	64,083

Note 4 - Investments:

The Aquarium’s investments consisted of the following at December 31, 2025:

Cash and cash equivalents	$	79,593
Fixed income		176,030
Equities		88,842
Alternative investments		289,368
Total	$	633,833

(dollars in thousands)

The Aquarium's investment income consisted of the following for the year ended December 31, 2025:

Realized and unrealized gain	$ 47,328
Fees (management and performance)	(1,604)
Dividends and interest	11,398
Investment income, net	$ 57,122

The Aquarium's alternative investments are managed in a diversified portfolio governed by the Aquarium's investment policy, which sets asset allocation ranges for marketable and nonmarketable investments.

Note 5 - Fair Value Measurements and Net Asset Value:

Fair Value Measurement

The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2025:

	Total	Level 1	Level 2	Level 3	NAV(a)
Cash and cash equivalents	$ 79,593	$ 70,843	$ 8,750		
Fixed income:					
U.S. government and agency	104,596		104,596		
Corporate bonds	26,005		26,005		
Fixed income funds	45,429	45,429			
Equities mutual fund/ETF	88,842	88,842			
Alternative investments	289,368				$ 289,368
Subtotal	633,833	205,114	139,351	$ -	289,368
Charitable trust assets	85			85	
Beneficial interest in charitable trusts	2,323			2,323	
Total assets measured at fair value	$ 636,241	$ 205,114	$ 139,351	$ 2,408	$ 289,368

Assets associated with charitable trust assets and beneficial interest in split-interest agreements consisted primarily of cash equivalents, equities, fixed income, various mutual funds, and exchange-traded funds.

(dollars in thousands)

(a) In accordance with FASB Accounting Standards Codification (ASC) subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

Net Asset Value

The Aquarium uses NAV as a practical expedient to determine the fair value of all the underlying investments which do not have a readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments valued at NAV by major category as of December 31, 2025:

Strategies	# of Funds	Valuation	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Domestic equities (a)	2	$ 47,274		3 months	60 days
Global equities (b)	7	97,422		3 months – 2 years	1-120 days
Fixed income (c)	1	4,092		1 month	30 days
Diversifying strategies (d)	5	25,704		Quarterly - 1/4 after 1 year every 6 months; quarterly after 2 years	30-60 days
Multi strategy (e)	3	36,339		3 months – 2 years	45-60 days
Natural resource (f)	5	4,899	$ 2,161	None	N/A
Real estate (g)	6	21,012	7,744	None	N/A
Private equity (h)	24	50,453	28,698	None	N/A
Private credit (i)	3	2,173	3,126	None	N/A
Total	56	$ 289,368	$ 41,729		

The Aquarium has noncancellable commitments under partnership agreements to make additional capital contributions to certain investment funds noted in the table above. The Aquarium intends to fund such commitments through reallocations within the investment portfolio. The domestic equity fund is actively managed and invested in diversified portfolio of common stocks and equity-linked securities in the domestic public equity market.

a) The domestic equity fund is actively managed and invested in diversified portfolio of common stocks and equity-linked securities in the domestic public equity market.

b) The global equity funds are all actively managed and invested in diversified portfolio of common stocks and equity-linked securities in the global public equity markets.

c) The fixed income strategies are actively managed, diversified portfolios of credit securities including global sovereign debt, dollar-denominated high yield bonds, bank loans, non-U.S. currency exposure, non-agency residential mortgages, and other structured credit commingled partnerships and registered investment companies.

d) The diversifying strategies funds are actively managed and invested in various financial instruments. These funds aim to generate risk-adjusted returns in all conditions through a portfolio construction process designed to provide returns that are not dependent on the overall market's performance. Three funds are redeemable quarterly, the fourth fund is redeemable 1/4 after 1 year every 3 months, and the fifth fund is redeemable 1/4 after 1 year every 6 months.

e) The multi-strategy funds is made up of five (5) separate tranches of investments and are actively managed and invested in a diversified portfolio of global equities, fixed income, and real estate. These funds have no redemption rights.

f) The natural resources funds consist of investments in natural resource-related investments with the objective of long-term growth of capital with no redemption rights.

g) Real estate funds are invested in U.S. and non-U.S. 3rd party commingled investment vehicles, private real estate funds, real estate investment trusts (REITs) and publicly traded REITs. These funds have no redemption rights.

h) The private equity target funds that make venture capital investments in global emerging growth companies with the objective of obtaining long-term capital growth. There are no redemption rights with the funds having a remaining life of 1 to 11 years.

i) The private credit funds are invested in U.S. and non-U.S. debt instruments including secured loans, mezzanine debt, and distressed debt. These funds have no redemption rights.

(dollars in thousands)

Note 6 - Property, Equipment, and Exhibits, Net:

Property, equipment, and exhibits, net consisted of the following as of December 31, 2025:

Land	$ 41,145
Buildings and building improvements	268,381
Exhibits	73,008
Equipment, furniture, and fixtures	47,039
Capital projects in process	26,078
	455,651
Less accumulated depreciation	(239,968)
Property, equipment and exhibits, net	$ 215,683

Depreciation expense for the year ended December 31, 2025 was $13,446.

Contract Commitments

As of December 31, 2025, the Aquarium had future construction contract commitments for construction and renovation of $20,581 and contract commitments of $7,576. Subsequent to year end, the Aquarium entered into additional construction commitments of $4,350 and other contract commitments of $1,841.

Note 7 - Endowment:

The Aquarium's endowment funds consist of (a) undesignated funds functioning as endowment through designation by the Board and (b) donor-restricted endowment funds. The earnings from the Aquarium's endowment funds support education programs, conservation and science programs, and the mission of the Aquarium. Net assets associated with endowment funds, including undesignated funds functioning as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Aquarium follows the guidance of the FASB ASC Topic 958-205 "Endowments of Not-for-Profit Organizations – Net Assets Classification of Funds Subject to Enacted Version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), and Enhanced Disclosures for All Endowment Funds." The State of California adopted a version of UPMIFA as its State Prudent Management of Institutional Funds Act (SPMIFA).

Interpretation of Relevant Law

The Board has determined that the Aquarium holds net assets that meet the definition of endowment funds under SPMIFA.

The corpus value of funds subject to SPMIFA represents the fair value of the original gift as of the gift date and the original value of subsequent gifts and is classified as with donor restriction in cases where the donor indicated that a portion of the fund be retained in perpetuity. The excess balance is classified as with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions.

In accordance with SPMIFA, the Aquarium considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Aquarium and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Aquarium.

Investment and Spending Policies

The Board has adopted an investment policy which governs the management and oversight of the Aquarium's endowment funds and other investments (portfolio). The policy sets forth the objectives for the portfolio, the strategies to achieve the objectives, procedures for monitoring and control, and the delineation of duties for those responsible for the Aquarium's investments.

The Finance Committee of the Board is responsible for the implementation of the investment policy. The policy is intended to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while at the same time setting forth reasonable risk control parameters to ensure prudence and care in the execution of the investment program. Investment assets are managed on a total return basis, with emphasis on both preservation of capital and acceptance of investment risk necessary to achieve favorable performance on a risk-adjusted basis. The policy calls for risk management of the investment program to be informed by both the investment and operational risks to which the portfolio is exposed, with an objective to minimize operational risks and require appropriate compensation for acceptable investment risks. Other objectives are to (a) provide a total return that, over the long term, exceeds inflation and optimizes the investment return on fund assets corresponding to a level of risk deemed appropriate by the Finance Committee, (b) outperform a policy portfolio benchmark return, after fees, at a comparable level of risk over five-year rolling periods, and (c) diversify investments to reduce the impact of losses in single investments, industries, or asset classes.

(dollars in thousands)

The Aquarium's Board determines the method to be used to appropriate endowment funds for expenditure. The Aquarium's endowment spending policy is based on a spending rate percentage applied to the three-year trailing average of the endowment's market value. The Board's spending policy rate percentage has been 4.00% for funds functioning as endowment and earnings from donor-restricted endowment. The investment portfolio return, net of investment fees, is expected to be in excess of the policy spending rate over the long term. The annual endowment distribution amount is approved by the Board in conjunction with its approval of the annual budget. Information regarding the endowment net assets as of December 31, 2025 and changes during the year then ended are presented below.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 321,740	$ 53,861	$ 375,601
Total investment return, net	42,436	7,171	49,607
Contributions	2,413	36,752	39,165
Endowment distribution	(10,980)	(1,948)	(12,928)
Transfer from operating	23,000		23,000
Other Changes:			
Change in discount		(1,088)	(1,088)
Change in value of annuity		(5)	(5)
Endowment net assets, end of year	$ 378,609	$ 94,743	$ 473,352

(dollars in thousands)

Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions consisted of the following as of December 31, 2025:

Subject to expenditure for a specified purpose:		
Exhibit design, construction and maintenance	$	20,943
Conservation and science		4,086
Infrastructure improvements and maintenance		38,493
Other purpose restrictions		365
Subject to passage of time:		
Pledges receivable and beneficial interest in split-interest agreements without a purpose restriction		6,265
Undistributed endowment earnings		22,692
Net assets restricted in perpetuity		72,051
Total net assets with donor restrictions	$	164,895

Net assets with donor restrictions released during 2025 include earnings from donor-restricted endowment approved for endowment distribution by the Board and net assets released from restrictions by incurring expenses satisfying the donor-restricted purposes or time requirements as summarized in the table below:

Net assets released from restriction:		
Subject to expenditure for a specific purpose:		
Conservation and science	$	20,465
Exhibit design, construction and maintenance		1,903
Infrastructure improvements and maintenance		5,000
Other purpose restrictions		1,075
Subject to passage of time:		
Collection of pledges receivable		4,066
Endowment distribution		1,948
Total net assets released from restrictions	$	34,457

(dollars in thousands)

Note 9 - Availability of Financial Assets and Liquidity:

The Aquarium's financial assets available within one year for general expenditures were as follows:

Financial assets	
Cash and cash equivalents	$ 3,984
Accounts receivable	2,978
Pledges and grants receivable, net	64,083
Investments	633,833
Total financial assets	704,878
Less amounts not available to be used within one year:	
Net assets with donor restrictions:	
Pledge receivables expected to be collected beyond one year	(53,960)
Endowment funds with donor restrictions	(94,743)
Other donor-restricted contributions	(16,192)
Board designated quasi-endowment	(378,609)
Designated for infrastructure reserve	(111,832)
Add amounts available to be used within one year:	
Endowment appropriation for 2026	14,199
Net assets with donor restrictions to be met in less than one year	12,933
Infrastructure reserve to be used for capital projects in 2026	57,756
	(570,448)
Financial assets available to meet cash needs for general expenditures within one year	$ 134,430

The Aquarium is supported by earned revenue, contributions, and endowment support. As part of the Aquarium's liquidity management, the Aquarium maintains sufficient resources to be available as its general operations, liabilities, and other obligations require. Cash required to meet operating needs is invested in short-term accounts. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year, Board-designated quasi-endowment, and infrastructure reserve. These Board designations could be drawn upon if the Board approves that action.

(dollars in thousands)

Note 10 - Rental Income:

The Aquarium leases space in several properties located in Monterey, California to unrelated parties under cancelable and noncancelable operating leases expiring through 2030, excluding optional extensions. Minimum future rental revenues from operating leases having noncancelable lease terms are as follows:

Year Ending December 31,		
2026	$	1,003
2027		629
2028		488
2029		195
2030		184
Total	$	2,499

Property held for lease, by major property class, consisted of the following as of December 31, 2025:

Property, plant, and exhibits		
Land and land improvements	$	13,601
Buildings and building improvements		11,800
Equipment, furniture, and fixtures		349
		25,750
Less accumulated depreciation		(3,040)
Property held for lease, net	$	22,710

Property held for lease is included in property, equipment, and exhibits, net on the Statement of Financial Position. Rental income is included in other revenue on the Statement of Activities and Changes in Net Assets.

Note 11 - Employee Plan Benefits:

The Aquarium maintains a defined contribution plan for employees. Eligible employees may make voluntary contributions to the plan within applicable limits as established by the Internal Revenue Code. In 2025, the Aquarium made matching contributions for the first 4% of employee contributions as well as discretionary employer contributions. Retirement plan expense for 2025 was $4,172.

Note 12 - Related Party Transactions:

During 2025, contributions from certain members of the Board and entities with common board members totaled $13,130. Undiscounted pledges and accounts receivable from such related parties were $55,697 as of December 31, 2025.

The Aquarium maintains a relationship with Monterey Bay Aquarium Research Institute (MBARI). The Aquarium and MBARI operate independently of one another but collaborate and partner to support shared ocean research and conservation goals. From time to time the Aquarium will give grants to MBARI and both organizations have several overlapping Board members. For the year ended December 31, 2025 $383 of grants were approved by the Aquarium to MBARI.

Note 13 - Concentrations of Credit Risk and Contingencies:

Concentrations of Credit Risk

Financial instruments which potentially subject the Aquarium to credit risk consist primarily of cash and cash equivalents, receivables, and investments. The Aquarium maintains its cash and cash equivalents in various major financial institution accounts and money market funds that, at times, may exceed federally insured limits. The Aquarium has not experienced, nor does it anticipate, any losses in such accounts. The Aquarium attempts to limit its credit risk associated with investments through diversification and by utilizing the expertise and processes of third-party investment managers.

Receivables consist primarily of pledges due from donors. The Aquarium closely monitors these receivables and has not experienced, nor does it anticipate, significant credit losses. The Aquarium had six donors whose contributions made up 47% of total contributions revenue for the year ended December 31, 2025. The Aquarium had three donors as of December 31, 2025 whose pledges accounted for 82% of the total pledges receivable.

Contingencies

Lawsuits and claims are filed from time to time against the Aquarium in the ordinary course of business. The Aquarium records a provision for a contingent liability when it is both probable that the liability has been incurred and the amount of the liability can be reasonably estimated. Management does not believe that any pending litigation will have a material adverse impact on the Aquarium's financial position or results of activities.

The Aquarium derives a portion of its revenue from various federally funded programs which are subject to review and audit by governmental agencies. Management believes that the Aquarium is in material compliance with the standards set forth by the federal governmental agencies and that the outcome of reviews and audits conducted by such agencies, if any, will not have a significant effect on the financial position or results of activities of the Aquarium.