

Form 990

Return of Organization Exempt From Income Tax

OMB No 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2007

Open to Public Inspection

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2007 calendar year, or tax year beginning 01-01-2007 and ending 12-31-2007

- B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: Tennessee Aquarium. Number and street: P O Box 11048. City or town: Chattanooga, TN 374012048

D Employer identification number: 58-1837154. E Telephone number: (423) 265-0695. F Accounting method: Accrual

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations. H(a) Is this a group return for affiliates? H(b) If "Yes" enter number of affiliates. H(c) Are all affiliates included? H(d) Is this a separate return filed by an organization covered by a group ruling? I Group Exemption Number. M Check if the organization is not required to attach Sch B

G Web site: www.tennesseeaquarium.org

J Organization type (check only one): 501(c)(3)

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than 25,000

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12: 27,248,648

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Table with columns for Revenue, Expenses, and Net Assets. Rows include Contributions, Program service revenue, Membership dues, Dividends, Gross rents, Other investment income, Gross amount from sales of assets, Special events, Gross sales of inventory, Program services, Management and general, Fundraising, Payments to affiliates, Total expenses, Excess or (deficit) for the year, Net assets at beginning and end of year.

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a	Grants paid from donor advised funds (attach Schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b	Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25a	Compensation of current officers, directors, key employees etc. Listed in Part V-A (attach schedule)	25a	223,240	223,240	
b	Compensation of former officers, directors, key employees etc. listed in Part V-B (attach schedule)	25b			
c	Compensation and other distributions not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c			
26	Salaries and wages of employees not included on lines 25a, b and c	26	6,035,401	4,830,578	1,204,823
27	Pension plan contributions not included on lines 25a, b and c	27	333,449	243,584	89,865
28	Employee benefits not included on lines 25a - 27	28	735,085	625,932	109,153
29	Payroll taxes	29	450,459	354,785	95,674
30	Professional fundraising fees	30			
31	Accounting fees	31	32,500		32,500
32	Legal fees	32	13,265		13,265
33	Supplies	33	537,128	411,625	125,503
34	Telephone	34	125,847	94,385	25,169 6,292
35	Postage and shipping	35	155,144	101,257	53,887
36	Occupancy	36	1,646,608	1,521,720	124,888
37	Equipment rental and maintenance	37	430,033	322,244	107,789
38	Printing and publications	38	183,325	102,762	80,563
39	Travel	39	60,822	37,733	23,088
40	Conferences, conventions, and meetings	40	19,719	13,861	5,408 450
41	Interest	41	1,852,781	1,823,142	29,639
42	Depreciation, depletion, etc. (attach schedule)	42	3,462,810	3,366,315	96,495
43	Other expenses not covered above (itemize)				
a	See Additional Data Table	43a			
b		43b			
c		43c			
d		43d			
e		43e			
f		43f			
g		43g			
44	Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	19,128,406	15,494,018	3,420,271 214,117

Joint Costs. Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

<p>What is the organization's primary exempt purpose? See attached schedule</p> <p>All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)</p>	<p>Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others.)</p>
<p>a See attached schedule</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>b</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>c</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>d</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>e Other program services (attach schedule)</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/></p>	
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services) <input type="checkbox"/></p>	<p>15,494,018</p>

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A)		(B)		
		Beginning of year		End of year		
Assets	45 Cash—non-interest-bearing		63,000	45	67,400	
	46 Savings and temporary cash investments		1,251,069	46	2,414,157	
	47a Accounts receivable	47a	660,823			
	b Less allowance for doubtful accounts	47b		752,449	47c	660,823
	48a Pledges receivable	48a	1,680,242			
	b Less allowance for doubtful accounts	48b		750,000	48c	1,680,242
	49 Grants receivable				49	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)				50a	
	b Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)				50b	
	51a Other notes and loans receivable (attach schedule)	51a				
	b Less allowance for doubtful accounts	51b			51c	
	52 Inventories for sale or use		325,622	52	310,060	
	53 Prepaid expenses and deferred charges		431,277	53	520,941	
	54a Investments—publicly-traded securities <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		14,872,377	54a	14,983,930	
	b Investments—other securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54b		
55a Investments—land, buildings, and equipment basis	55a	107,223,667				
b Less accumulated depreciation (attach schedule)	55b	36,932,427	71,114,536	55c	70,291,240	
56 Investments—other (attach schedule)				56		
57a Land, buildings, and equipment basis	57a					
b Less accumulated depreciation (attach schedule)	57b			57c		
58 Other assets, including program-related investments (describe <input type="checkbox"/> _____)		622,329	58	581,464		
59 Total assets (must equal line 74) Add lines 45 through 58		90,182,659	59	91,510,258		
Liabilities	60 Accounts payable and accrued expenses		1,458,519	60	1,339,785	
	61 Grants payable			61		
	62 Deferred revenue		839,980	62	1,044,457	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)			63		
	64a Tax-exempt bond liabilities (attach schedule)		34,500,000	64a	34,500,000	
	b Mortgages and other notes payable (attach schedule)		500,000	64b	1,460,000	
	65 Other liabilities (describe <input type="checkbox"/> _____)		13,194	65	69,317	
66 Total liabilities Add lines 60 through 65		37,311,693	66	38,413,560		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74					
	67 Unrestricted		52,870,966	67	53,096,698	
	68 Temporarily restricted			68		
	69 Permanently restricted			69		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74					
	70 Capital stock, trust principal, or current funds			70		
	71 Paid-in or capital surplus, or land, building, and equipment fund			71		
	72 Retained earnings, endowment, accumulated income, or other funds			72		
	73 Total net assets or fund balances Add lines 67 through 69 or lines 70 through 72 (Column (A) must equal line 19 and column (B) must equal line 21)		52,870,966	73	53,096,698	
	74 Total liabilities and net assets / fund balances Add lines 66 and 73		90,182,659	74	91,510,258	

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c** Yes No

If "Yes," enter the name of the foreign country

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year **92**

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a General admissions					9,342,493
b Education group tours					1,012,955
c Education program fees					245,493
d Parking fees					475,761
e Photography fees					250,152
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					1,331,286
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14	809,076	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	185,445	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory	453220	403,071			1,734,184
103 Other revenue a Administrative services	541600	164,250			
b Sponsorship income					213,738
c Facility rental income					286,666
d Ticketing service charges					11,358
e Miscellaneous income			01	29,600	
104 Subtotal (add columns (B), (D), and (E))		567,321		1,024,121	14,904,086
105 Total (add line 104, columns (B), (D), and (E))					16,495,529

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

NOTE: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities *Complete only if the organization is a controlling organization as defined in section 512(b)(13)*

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006 covering the interests, rents, royalties and annuities described in question 107 above?	Yes	No

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.	
	***** Signature of officer	2008-08-14 Date
	Gordon A Stalans Director of Finance Type or print name and title	

Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen Inst W)
	Firm's name (or yours if self-employed), address, and ZIP + 4			EIN
				Phone no

**SCHEDULE A
(Form 990 or 990EZ)**

**Organization Exempt Under Section 501(c)(3)
(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust
Supplementary Information—(See separate instructions.)**

OMB No 1545-0047

2007

MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

Department of the Treasury
Internal Revenue Service

Name of the organization
Tennessee Aquarium

Employer identification number
58-1837154

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Jackson Andrews 201 Broad Street Chattanooga, TN 37402	Dir of Husbandry/O ps 040 00	118,182	8,269	0
Gordon Stalans 201 Chestnut Street Chattanooga, TN 37402	Director of Finance/IT 040 00	118,082	8,263	0
Cindy Todd 201 Chestnut Street Chattanooga, TN 37402	Director of Marketing 040 00	100,828	7,055	0
Judy Powell 201 Chestnut Street Chattanooga, TN 37402	Director of Retail Svcs 040 00	97,407	6,770	0
Don Walker 201 Broad Street Chattanooga, TN 37402	Director of Guest Svcs 040 00	90,144	5,207	0
Total number of other employees paid over \$50,000	000016			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individual or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Charles Feldstein & Company 737 North Michigan Avenue Chicago, IL 60611	Fundraising consulting	124,875
Animal Instinct Advertising 2124 Madison Road Suite 3F Cincinnati, OH 45208	Advertising creation production	84,355
Total number of others receiving over \$50,000 for professional services		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individual or firms. If there are none, enter "None". See page 2 for instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Electric Power Board PO Box 182253 Chattanooga, TN 374227253	Electricity supply	930,301
The Counts Company 102 Cedar Lane Chattanooga, TN 37421	Construction service	878,084
Blue Cross Blue Shield PO Box 180172 Chattanooga, TN 37401	Group health insuran	528,857
Chattanooga Gas Company P O Box 11227 Chattanooga, TN 374012227	Natural gas supply	253,051
Imax Corporation	Film license fees	227,014
Total number of other contractors receiving over \$50,000 for other services	20	

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

<p>1 During the year, has the organization attempted to influence national, state, or local legislation, include any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ►\$ _____ (Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B)</p> <p>Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities</p>	1		No
<p>2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.) 🗨</p> <p>a Sale, exchange, or leasing property?</p>	2a	Yes	
<p>b Lending of money or other extension of credit?</p>	2b		No
<p>c Furnishing of goods, services, or facilities?</p>	2c		No
<p>d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? 🗨</p>	2d	Yes	
<p>e Transfer of any part of its income or assets?</p>	2e		No
<p>3a Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments)</p>	3a		No
<p>b Did the organization have a section 403(b) annuity plan for its employees?</p>	3b	Yes	
<p>c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment , historic land areas or structures? If "Yes" attach a detailed statement</p>	3c		No
<p>d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?</p>	3d		No
<p>4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g</p>	4a		No
<p>b Did the organization make any taxable distributions under section 4966?</p>	4b		
<p>c Did the organization make a distribution to a donor, donor advisor, or related person?</p>	4c		
<p>d Enter the total number of donor advised funds owned at the end of the tax year</p>			
<p>e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year</p>			
<p>f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts</p>			
<p>g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year</p>			

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)

I certify that the organization is not a private foundation because it is (Please check only **ONE** applicable box)

- 5 A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6 A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7 A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8 A federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9 A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state** _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 11b A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 12 An organization that normally receives **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions—subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization
 Type I Type II Type III - Functionally Integrated Type III - Other

Provide the following information about the supported organizations. (see page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support?
			Yes	No	
Total					

- 14 An organization organized and operated to test for public safety Section 509(a)(4) (See page 7 of the instructions)

Part V Private School Questionnaire (See page 7 of the instructions.)**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		No
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		No
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)		No
<hr/> <hr/> <hr/>		
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	No
b Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory basis?	32b	No
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	No
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d	No
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)		
<hr/> <hr/> <hr/>		
33 Does the organization discriminate by race in any way with respect to		
a Students' rights or privileges?	33a	No
b Admissions policies?	33b	No
c Employment of faculty or administrative staff?	33c	No
d Scholarships or other financial assistance?	33d	No
e Educational policies?	33e	No
f Use of facilities?	33f	No
g Athletic programs?	33g	No
h Other extracurricular activities?	33h	No
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)		
<hr/> <hr/> <hr/>		
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a	No
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b	No
<hr/> <hr/> <hr/>		
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35	Yes

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768)Check **a** if the organization belongs to an affiliated group Check **b** if you checked "a" and "limited control" provisions apply**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred)

(a)
Affiliated group
totals**(b)**
To be completed
for all electing
organizations

36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38	Total lobbying expenditures (add lines 36 and 37)	38		
39	Other exempt purpose expenditures	39		
40	Total exempt purpose expenditures (add lines 38 and 39)	40		
41	Lobbying nontaxable amount Enter the amount from the following table— If the amount on line 40 is— The lobbying nontaxable amount is— Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	41		
42	Grassroots nontaxable amount (enter 25% of line 41)	42		
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43		
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.**4-Year Averaging Period Under Section 501(h)**(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
See the instructions for lines 45 through 50 on page 11 of the instructions)**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

- a** Volunteers
- b** Paid staff or management (Include compensation in expenses reported on lines **c** through **h**.)
- c** Media advertisements
- d** Mailings to members, legislators, or the public
- e** Publications, or published or broadcast statements
- f** Grants to other organizations for lobbying purposes
- g** Direct contact with legislators, their staffs, government officials, or a legislative body
- h** Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i** Total lobbying expenditures (Add lines **c** through **h**.)

Yes	No	Amount
	No	
	No	
	No	
	No	
	No	
	No	
	No	
	No	
	No	

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

Additional Data

Software ID: 07000184

Software Version: 2007.1.9

EIN: 58-1837154

Name: Tennessee Aquarium

Form 990, Part II, Line 43 - Other expenses not covered above (itemize):

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
a Insurance	43a	139,805	111,844	27,961	
b Film licensing fees	43b	430,953	430,953		
c Advertising and promotions	43c	714,394	9,146	705,248	
d Outside service fees	43d	873,021	557,252	108,393	207,375
e Speciman collection and care	43e	291,112	291,112		
f Education program expenses	43f	126,634	126,634		
g Food and beverage license fees	43g	25,000	25,000		
h Miscellaneous expenses	43h	190,109	52,390	137,718	
i Business taxes	43i	39,762	39,762		

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Charles Arant 201 Broad Street Chattanooga, TN 37402	President 040 00	223,240	14,940	
Robert Lyons P O Box 1526 Chattanooga, TN 37401	Treasurer 000 00	0		
Paul Brock Jr 850 Market Street 2nd Floor Chattanooga, TN 37402	Trustee 000 00	0		
William McCollum Jr 1101 Market Street MR3A Chattanooga, TN 37402	Trustee 000 00	0		
Joseph Decosimo Two Union Square Suite 1100 Chattanooga, TN 37402	Trustee 000 00	0		
Paul Neely P O Box 11526 Chattanooga, TN 37401	Trustee 000 00	0		
Vicky Gregg 801 Pine Street Chattanooga, TN 37402	Trustee 000 00	0		
Jeff Parker 11101 Ware Point Lane Harrison, TN 37341	Trustee 000 00	0		
Thomas Griscom 400 East 11th Street Chattanooga, TN 37403	Trustee 000 00	0		
John Phillips Jr 832 Georgia Avenue Suite 1000 Chattanooga, TN 37402	Chairman 000 00	0		

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Patsy Hazlewood Two Union Square Suite 1202 Chattanooga, TN 37402	Trustee 000 00	0		
Frank Schriner 701 Market Street 2nd Floor Chattanooga, TN 37402	Trustee 000 00	0		
James Hill 1320 Sunset Drive Signal Mountain, TN 37377	Trustee 000 00	0		
William Sudderth 735 Broad Street Suite 1001 Chattanooga, TN 37402	Trustee 000 00	0		
Ruth Holmberg 100 East 10th Street Chattanooga, TN 37402	Secretary 000 00	0		
Dr Mary Tanner 215 Hunter Hall Chattanooga, TN 37402	Trustee 000 00	0		

TY 2007 Depreciation and Depletion Schedule**Name:** Tennessee Aquarium**EIN:** 58-1837154**Software ID:** 07000184**Software Version:** 2007.1.9

Asset	Amount
Bond issuance expense	40,865
Exhibits	598,164
Aquarium buildings	2,036,287
Plant and equipment	370,610
Office equipment	1,085
Furniture and fixtures	23,256
Vehicles	9,579
Marine equipment	3,713
Laboratory equipment	14,865
Info systems	140,330
Sound systems	786
Audio/visual systems	47,813
Safety equipment	4,624
Quarantine room	4,469
computer software	16,112
Radios	1,383
Telephone wiring	4,241
Leasehold improvements	67,891
Delta renovations	536
Nickajack renovations	6,262
Gift shop renovations	41,760
Temporary exhibits	28,178

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2007 Gain/Loss from Sale of Other Assets Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Name	Date Acquired	How Acquired	Date Sold	Purchaser Name	Gross Sales Price	Basis	Basis Method	Sales Expenses	Total (net)	Accumulated Depreciation
Chevrolet Pickup Truck	2001-07	Purchased	2007-10	Valley Market	3,000	7,900			1,025	5,925

TY 2007 Gain/Loss from Sale of Public Securities Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Gross Sales Price: 6,860,436

Basis: 6,676,016

Sales Expenses:

Total (net): 184,420

TY 2007 Investments - Land Schedule**Name:** Tennessee Aquarium**EIN:** 58-1837154**Software ID:** 07000184**Software Version:** 2007.1.9

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
Aquarium land	4,484,445		4,484,445
Buildings	82,568,795	23,079,657	59,489,138
Furniture, fixture and equipment	17,517,681	12,816,090	4,701,591
Vehicles	239,238	221,862	17,376
Leasehold improvements	894,325	621,841	272,484
Quarantine room	192,977	192,977	
Construction in progress	1,326,206		1,326,206

TY 2007 Mortgages and Notes Payable Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Total Mortgage Amount: 7860200

Item No.	1
Lender's Name	Bank of America
Lender's Title	
Relationship to Insider	
Original Amount of Loan	5000000
Balance Due	300000
Date of Note	2004-04
Maturity Date	2009-04
Repayment Terms	semi-annual
Interest Rate	
Security Provided by Borrower	Cross-collateralized with tax-exempt bonds
Purpose of Loan	Fund building renovations
Description of Lender Consideration	
Consideration FMV	

Item No.	2
Lender's Name	Community Foundation of
Lender's Title	
Relationship to Insider	
Original Amount of Loan	2860200
Balance Due	1160000
Date of Note	2007-05
Maturity Date	
Repayment Terms	participation
Interest Rate	
Security Provided by Borrower	Security interest in boat under construction
Purpose of Loan	Fund construction of ecotour boat
Description of Lender Consideration	
Consideration FMV	

Item No.	3
Lender's Name	Greater Chattanooga
Lender's Title	
Relationship to Insider	
Original Amount of Loan	
Balance Due	
Date of Note	
Maturity Date	
Repayment Terms	in excess revenues
Interest Rate	
Security Provided by Borrower	
Purpose of Loan	
Description of Lender Consideration	
Consideration FMV	

TY 2007 Other Assets Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Description	Beginning of Year Amount	End of Year Amount
Unamortized debt issuance costs	622,329	581,464

TY 2007 Other Changes in Net Assets Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Description	Amount
Unrealized gains on investments	84,773

TY 2007 Other Expenses Included Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Description	Amount
Affiliate expenses	44,918

**TY 2007 Other Expenses
Not Included Schedule**

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Description	Amount
Cost of goods sold	-1,301,292
Investment advisory services	53,787

TY 2007 Other Liabilities Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Description	Beginning of Year Amount	End of Year Amount
Interest rate swap payable	13,194	69,317

TY 2007 Other Revenues Included Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Description	Amount
Affiliate revenue	135,547

**TY 2007 Other Revenues
Not Included Schedule**

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Description	Amount
Cost of goods sold	-1,301,292
Investment advisor services	53,787

TY 2007 Sales Of Inventory Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Category	Gross Sales	Cost of Goods Sold	Net (Gross Sales Minus Cost of Goods Sold)
Retail sales	2,946,724	1,175,815	1,770,909
Food and beverage sales	491,823	125,476	366,346

TY 2007 Tax-Exempt Bond Liabilities Schedule

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Item No.	1
Name of Issue	7/1/91 Industrial Development Board of
Purpose	Hamilton County Bonds, Original amount
Amount Outstanding	5500000
Unexpeded Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	2
Name of Issue	mortgage on property direct pay letter of
Purpose	credit expiring 4/30/10 Proceeds used to
Amount Outstanding	
Unexpeded Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	3
Name of Issue	construct River Journey aquarium to serve
Purpose	as center for the general public to gain
Amount Outstanding	
Unexpeded Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	4
Name of Issue	awareness of, understand enjoy all
Purpose	forms of aquatic life
Amount Outstanding	
Unexpeded Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	5
Name of Issue	3/1/95 Industrial Development Board of
Purpose	Hamilton County Bonds, Original amount
Amount Outstanding	14000000
Unexpeded Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	6
Name of Issue	mortgage on property direct pay letter of
Purpose	credit expiring 4/30/10Proceeds used to
Amount Outstanding	
Unexpeded Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	7
Name of Issue	construct IMAX Center including 3D
Purpose	Theater, Environmental Learning Lab
Amount Outstanding	
Unexpended Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	8
Name of Issue	staff office space
Purpose	
Amount Outstanding	
Unexpended Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	9
Name of Issue	4/1/04 Industrial Development Board of
Purpose	City of Chattanooga BondsOriginal amount
Amount Outstanding	15000000
Unexpended Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	10
Name of Issue	mortgage on property direct pay letter of
Purpose	credit expiring 4/30/10 Proceeds used to
Amount Outstanding	
Unexpeded Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	11
Name of Issue	construct Ocean Journey building to
Purpose	expand visitor experience.
Amount Outstanding	
Unexpeded Bond Proceeds	
Third Party Use	
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

TY 2007 Self Dealing Statement

Name: Tennessee Aquarium

EIN: 58-1837154

Software ID: 07000184

Software Version: 2007.1.9

Line Number	Explanation
2a	See attached schedule

Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2007, or tax year beginning _____, 2007, and ending _____, 20_____

2007

Department of the Treasury
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8888
See instructions on back.

Name of exempt organization

Employer identification number

Tennessee Aquarium

58-1837154

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8453-EO and enter the applicable amount from the return, if any. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line for the return for which you are filing this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.


1a Form 990 check here	<input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, line 12)	1b	19,289,365
2a Form 990-EZ check here	<input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	0
3a Form 1120-POL check here	<input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	0
4a Form 990-PF check here	<input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	0
5a Form 8888 check here	<input type="checkbox"/>	b Balance due (Form 8888, line 3c)	5b	0

Part II Declaration of Officer

6 I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2007 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

Sign Here  | 8/14/2008 | Date | Director of Finance | Title

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized e-File Providers. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's signature	Date	Check if also paid preparer <input type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code				EN Phone no.

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code			EN Phone no.

**TENNESSEE AQUARIUM
990 TAX RETURN
FOR THE YEAR ENDED DECEMBER 31, 2007**

SCHEDULE A, PART III, 2(*)

The Aquarium leases approximately 7,700 square feet of office space from 201 Broad Street, LLC. One of the Aquarium's trustees is a principal in 201 Broad Street, LLC. The lease is a ten-year lease with monthly rent installments of \$8,342.

**TENNESSEE AQUARIUM
990 TAX RETURN
FOR THE YEAR ENDED DECEMBER 31, 2006
PART III**

Tennessee Aquarium Mission

The Tennessee Aquarium inspires wonder and appreciation for the natural world by creating a connection between people and nature. This mission challenges and motivates the Aquarium to:

- ← Offer an enriching and enjoyable experience to a wide and diverse audience through
 - 1) Excellent exhibits
 - 2) A healthy and dynamic living collection
 - 3) Engaging educational programs and activities and
 - 4) Outstanding customer service
- ← Protect and restore wildlife through research and conservation initiatives
- ← Provide positive community leadership and economic impact

2007 In Review

2007 was a dynamic year for the Tennessee Aquarium. We served over 790,000 people from all walks of life, bringing conservation and education concepts to life. Over the last several years, our facility has been impacted in a major way by changes in the competitive climate in our region. High gas prices affected the Aquarium's attendance as well. Given all of these changes, the Tennessee Aquarium has refocused on its core mission and has put in place a new strategy to remain fresh and exciting as the heart of the Chattanooga Experience. Also in 2007, the Aquarium dedicated itself to achieving these programmatic goals. We will enhance and expand education and conservation programs. We will empower current and future generations to conserve our natural world, focusing on the biologically diverse and unique southeastern United States.

While refocusing our mission and planning our programmatic efforts strategically, 2007 was a year of continued successes and high points. Below are some of the highlights of our efforts.

L Aquarium

Working Smarter To Reach More Minds

With support from across the community, the Tennessee Aquarium's educators offered a record number of programs in 2007. Over 86,000 students visited the Aquarium through education groups. 28,000 students, parents and teachers learned more about the environment through our Education Outreach Programs this year, topping record set in the prior year. Nearly 1,400 students visited the Aquarium through Home School Days, which invited home school students and their families for a day of learning and exploring at the Aquarium. It has been a phenomenal year in terms of outreach, gallery programs, and home school day.

Home School Days A Huge Success

In January and September, Home School Days continued to expand the footprint that the Aquarium has in the region, welcoming more than 1,400 students and their families. To increase participation from home school students and their parents, the days were enlarged to encompass the Chattanooga Nature Center, the Chattanooga Zoo, Hunter Museum, and the Creative Discovery Museum. Both events were considered home runs this year and will continue to be polished in the future to reach as many of these students and their families as possible.

Magnifying the Museums Partnership Wraps Up Year Three

The Tennessee Aquarium leads a consortium of schools and museums in a program designed to enhance the museum experiences of students at Chattanooga Middle Museum Magnet School and Normal Park Museum Magnet. A new school, Calvin Donaldson Elementary was adopted in 2007 when it was granted magnet status as an Environmental Science Magnet School. The consortium includes seven Chattanooga museums: Chattanooga Nature Center, Creative Discovery Museum, Chattanooga African American Museum, Tennessee Valley Railroad Museum, Chattanooga Regional History Museum, Hunter Museum of American Art and the Tennessee Aquarium. Through funding from the Institute of Museum and Library Services the school-museum partnership is dedicated to strengthening the schools' utilization of the Chattanooga museum community's rich resources. 2007 marked three years of partnership and collaboration.

Summer Camp Inspires Young Minds

Nearly 600 kids enjoyed a very successful and fun summer camp program, and 400 Girl Scouts participated in the Aqua Z's overnight visits to the Aquarium. Even more Girl Scouts joined in for *Splash*, a unique educational program taking place at the Aquarium.

Teacher Workshops

The Aquarium's education staff reached over 400 teachers in the region by conducting numerous teacher workshops in 2007. Partnerships with the Hamilton County and Cleveland/Bradley County Stormwater Pollution Control Programs, Hamilton County and Cleveland/Bradley County Schools and the Cherokee National Forest helped train teachers in Project WET, a nationally recognized environmental education program. The Aquarium also hosted an Animal Math workshop for educators. This nationally recognized workshop trains teachers to use aquariums and zoos for math field trips to engage students and build math skills.

Animal Success Stories

In May, 2007 the Aquarium opened its latest exhibit, *Penguins' Rock*. The Aquarium negotiated a rather unusual long-term breeding loan agreement with SeaWorld to acquire gentoo and macaroni penguins. A special exhibit space was constructed to simulate the sub-Antarctic world for the penguins. These active animals have captivated Aquarium audiences and will continue to so for years to come.

Inside both River Journey and Ocean Journey animal success stories appeared throughout 2007. Among the highlights, husbandry reported the birth of a Beal's four-eyed turtle –

the first hatched in a North American zoo or aquarium. The Aquarium also logged other notable successes this year including hatching a four-eyed turtle and a spiny turtle. Both were firsts for the Tennessee Aquarium. Three other endangered turtle species also hatched this year – a Chinese three-striped box turtle, Chinese pond turtle and Japanese pond turtle.

Working Hard to Earn High Marks

Everyone at the Tennessee Aquarium works hard each day to ensure the finest guest experience, striving to become “The Most Visitor-Friendly Aquarium in the World.” The 2007 Morey and Associates Aquarium Benchmark Survey, which monitors many nationally-known aquariums, once again placed the Tennessee Aquarium at the top of the list of surveyed institutions in Overall Satisfaction. Our employees work together as a team to engage our guests, know our mission, live our core values and exceed service standards. As a result of the Aquarium team efforts, the Tennessee Aquarium is also

Special Events and Programs

Throughout the year the Aquarium team worked to provide special events and programs designed to educate in an entertaining manner. Aquarium educators enjoyed leading spring break visitors on a “Chattanooga Family Adventure.” Families enjoyed the chance to become an aquatic biologist for a day during one of two daily sessions offered during March and April. When *Penguins’ Rock* opened in May, the combined efforts of the Aquarium team helped manage the flow of visitors through this very popular gallery while engaging people with excellent keeper talks and gallery information. The Aquarium partnered with the Association of Zoos and Aquariums during “Shark Week” to provide shark conservation messages in a fun way through special dive shows and handing out shark conservation books and trading cards. Keeper talks focused on enrichment activities and animal care during Tennessee Week for the Animals in September. New elements were created for our October event, “Thrills, Gills and Chills” which focused on the predator-prey relationship in the natural world. Costumed divers added fun to a fact-filled month of special keeper talks and myth-busting information which was presented throughout both buildings. Our holiday promotions, “Ho, HO, H2O, a Tropical Holiday Adventure” featured many of the relaxing elements of past years along with a cell phone audio tour which allowed guests to learn more about the Aquarium’s animals and exhibits.

Random Acts of Kindness

Customer appreciation days were a big hit in 2007. Throughout the summer, a station was set up in the ticketing center where free donuts, orange juice, or bottled water were offered. Staff performed random windshield cleanings in the parking lots. A simple note explained that the Aquarium wants our guests to know how much we appreciate their business. These things may sound small, but to anyone not accustomed to random acts of kindness, these extra perks made a trip to the Tennessee Aquarium extra special.

Program costs for all of the above were \$14,214,378.

II. Conservation and Research

The Aquarium's husbandry staff continued important work raising and releasing imperiled Barrens topminnows. In 2007, another 558 fish were released and 578 more hatchlings were transferred to U.S. Fish and Wildlife Service hatcheries for further growth before release. By the end of 2007, over 8,000 of these fish had been reintroduced in the region. Barrens topminnows were once common throughout Middle Tennessee, but are now confined to only a few clear streams and springs in Coffee County. Once on the brink of extinction, the efforts of the Tennessee Aquarium and its partners (The Nature Conservancy, the U.S. Fish and Wildlife Service, the Tennessee Wildlife Resources Agency, Nature Resources Conservation Service and Conservation Fisheries, Inc.) are bringing these tiny but important links back to the ecosystem. Associated program costs were \$138,898.

III. IMAX Brings Conservation Messages to Wide Audience

Throughout the year, our IMAX Theater facility provided further enrichment of our conservation and education programs to nearly 325,000 people. The IMAX Theater presented the following conservation-themed films in 2007: *Deep Sea 3D*, *Last Buffalo*, *Dinosaurs Alive 3D*, *Sea Monsters 3D*, *Sharks 3D* and *Happy Feet*. Program costs associated with the IMAX Theater were \$1,140,742.

**TENNESSEE AQUARIUM
990 TAX RETURN
FOR THE YEAR ENDED DECEMBER 31, 2007**

PART VIII

Line No. 93	The purpose of the organization is to operate an Aquarium to serve as a center for the general public to improve their awareness, understanding and enjoyment of all forms of aquatic life. These revenues represent the admission and service income received from the general public
94	Membership dues are collected from the general public who purchase memberships in order to increase their involvement in the Aquarium's education activities.
102	Most items sold promote awareness of the Aquarium's live collection, promote environmental education or provide a service to visitors while attending the Aquarium.
103(b)	Sponsorship revenues are used to present special programs and exhibits that enhance the visitors' education experience.
103(c)	Rental and service fees received from guests for after-hours functions where all exhibit spaces are open for viewing
103(d)	Convenience fees paid by customers purchasing tickets online

CONSOLIDATED FINANCIAL STATEMENTS

Tennessee Aquarium
Years Ended December 31, 2007 and 2006
With Report of Independent Auditors

Tennessee Aquarium
Consolidated Financial Statements
Years Ended December 31, 2007 and 2006

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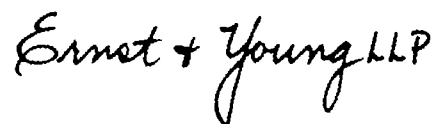
Report of Independent Auditors

The Board of Trustees
Tennessee Aquarium

We have audited the accompanying consolidated statements of financial position of the Tennessee Aquarium as of December 31, 2007 and 2006, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Aquarium's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Aquarium's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Tennessee Aquarium as of December 31, 2007 and 2006, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



July 21, 2008

Tennessee Aquarium

Consolidated Statements of Financial Position

	December 31	
	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,274,389	\$ 1,319,119
Cash and cash equivalents-restricted	250,000	-
Contributions receivable	620,404	-
Inventories	310,060	325,622
Accounts receivable	680,777	551,786
Prepaid expenses	520,941	431,278
Other current assets	-	167,769
Total current assets	4,656,571	2,795,574
Property and equipment:		
Land	4,484,445	4,484,445
Buildings	82,568,795	82,568,795
Equipment, furniture and fixtures	18,859,386	16,612,023
Construction in progress	1,326,206	980,846
	107,238,832	104,646,109
Less accumulated depreciation	36,947,591	33,531,574
Total property and equipment	70,291,241	71,114,535
Other assets:		
Contributions receivable, less current portion	1,059,838	750,000
Investments at fair value	14,983,929	14,872,377
Other assets	581,464	622,329
Total other assets	16,625,231	16,244,706
Total assets	\$ 91,573,043	\$ 90,154,815

	December 31	
	2007	2006
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 718,919	\$ 377,667
Accrued expenses	620,867	1,080,852
Current portion of note payable	200,000	200,000
Deferred membership revenue	862,735	602,151
Other deferred revenue	106,722	137,829
Total current liabilities	<u>2,509,243</u>	<u>2,398,499</u>
Deferred sponsorship revenues	75,000	100,000
Long-term portion of notes payable	1,260,000	300,000
Long-term debt	34,500,000	34,500,000
Other non-current liabilities	69,317	13,194
Total liabilities	<u>38,413,560</u>	<u>37,311,693</u>
Net assets:		
Unrestricted	53,159,483	52,843,122
Total net assets	<u>53,159,483</u>	<u>52,843,122</u>
Total liabilities and net assets	<u>\$ 91,573,043</u>	<u>\$ 90,154,815</u>

See accompanying notes.

Tennessee Aquarium

Consolidated Statements of Activities and Changes in Net Assets

	Years Ended December 31	
	2007	2006
Changes in unrestricted net assets:		
Revenues and gains:		
Admissions	\$ 10,385,152	\$ 9,134,367
Ancillary sales	4,164,460	3,883,619
Membership dues	1,370,340	1,398,067
Investment income	1,024,483	1,176,984
Contributions	3,103,329	498,124
Other income	922,426	724,641
	<u>20,970,190</u>	<u>16,815,802</u>
Expenses and losses:		
Programming	7,124,222	7,313,923
Guest services	2,514,832	2,487,222
Management and general	2,758,046	2,767,764
Marketing costs	1,485,808	1,543,586
Fundraising costs	207,825	—
Cost of ancillary sales	1,301,292	1,309,165
Financing costs	1,742,872	1,697,012
Depreciation and amortization	3,462,809	3,390,254
Loss on change in fair market value of derivative	56,123	—
	<u>20,653,829</u>	<u>20,508,926</u>
Increase (decrease) in unrestricted net assets	<u>316,361</u>	<u>(3,693,124)</u>
Change in net assets	316,361	(3,693,124)
Net assets at beginning of year	52,843,122	56,536,246
Net assets at end of year	<u>\$ 53,159,483</u>	<u>\$ 52,843,122</u>

See accompanying notes.

Tennessee Aquarium

Consolidated Statements of Cash Flows

	Years Ended December 31	
	2007	2006
Operating activities		
Change in net assets	\$ 316,361	\$ (3,693,124)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	3,462,809	3,390,254
Realized and unrealized gain on investments	(269,195)	(409,413)
Changes in operating assets and liabilities:		
(Increase) decrease in contributions receivable	(930,242)	210,000
Decrease in inventories	15,562	115,950
(Increase) decrease in accounts receivable	(128,991)	215,645
(Increase) decrease in prepaid expenses	(89,663)	92,782
Decrease (increase) in other current assets	167,769	(16,897)
Decrease in accounts payable and accrued expenses	(118,733)	(187,435)
Increase (decrease) in other liabilities	204,477	(386,300)
Decrease in other non-current liabilities	56,123	(149,401)
Net cash provided by (used in) operating activities	2,686,277	(817,939)
Investing activities		
Proceeds from sale of investments	157,643	1,277,804
Purchases of property and equipment	(2,598,650)	(1,938,058)
Net cash used in investing activities	(2,441,007)	(660,254)
Financing activities		
Proceeds of long-term borrowings	1,160,000	-
Payments of long-term borrowings	(200,000)	(200,000)
Net cash provided by (used in) financing activities	960,000	(200,000)
Net increase (decrease) in cash and cash equivalents	1,205,270	(1,678,193)
Cash and cash equivalents at beginning of year	1,319,119	2,997,312
Cash and cash equivalents at end of year	\$ 2,524,389	\$ 1,319,119
Supplemental disclosure of cash flow information		
Cash paid during the year for interest, net of capitalized interest	\$ 1,318,609	\$ 1,216,419

See accompanying notes.

Tennessee Aquarium
Notes to Consolidated Financial Statements

December 31, 2007 and 2006

1. Summary of Significant Accounting Policies

Description of Business

Tennessee Aquarium (the Aquarium) is a nonprofit corporations and is exempt from federal and state income tax under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Aquarium provides a center for the general public to improve their awareness, understanding and enjoyment of all forms of aquatic life. Principal Aquarium programs include facility and ancillary operations, animal husbandry and care, membership services, education and an IMAX theater.

Principles of Consolidation

The consolidated financial statements include the accounts of the Tennessee Aquarium and the Tennessee Aquarium Research Institute. All intercompany transactions and accounts have been eliminated.

Reclassifications

Certain prior year amounts shown in the accompanying consolidated financial statements have been reclassified to conform to the 2007 presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that effect the amounts reported in the financial statements. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized on admission tickets and ancillary sales on a cash basis.

Contributions are recognized as revenue when an unconditional promise to give is made or when cash is received, if an unconditional promise does not exist. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Proceeds from the sale of annual memberships are recognized ratably over the period for which the membership is valid.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The Aquarium has entered into a long-term sponsorship agreement with one sponsor. This agreement is for a term of 20 years and the unamortized portion of the sponsorship fee is refundable at the request of the donor. The entire sponsorship fee was received upon execution of the agreement. Revenue from the agreement is being recognized over the life of the agreement.

Contributions Receivable

Contributions receivable represents unconditional promises to give. In 2007, the Aquarium launched a capital campaign to fund its Penguins' Rock exhibit which opened in 2007. All pledges were recognized as revenue in 2007. The pledges were payable over periods of less than one year, one to five years, or in more than five years. The Aquarium had \$620,404 and \$0 of contributions receivable due in less than twelve months and \$1,059,838 and \$750,000 due in two to five years, as of December 31, 2007 and 2006, respectively.

Cash and Cash Equivalents

The Aquarium considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Cash and Cash Equivalents – Restricted

The Aquarium received \$250,000 from the Community Foundation of Greater Chattanooga to finance the high-speed catamaran discussed in Note 5.

Property and Equipment

Property and equipment is recorded on the cost basis. Property and equipment placed into service is depreciated using the straight-line method over estimated useful lives ranging from 3 to 40 years.

Inventory

The cost incurred with respect to the purchase or capture of specimens, food and other supplies not held for sale are expensed as incurred.

The gift shop inventory is valued at the lower of first-in, first-out (FIFO) cost or market.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Advertising Costs

The Aquarium expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2007 and 2006, was approximately \$714,000 and \$755,000, respectively.

Temporarily Restricted Contributions

The Aquarium records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. It is the Aquarium's policy to record temporarily restricted contributions received and expended in the same accounting period in the unrestricted net asset class category. There were no temporarily restricted contributions for 2007 and 2006.

Investments

Investments are presented in the financial statements in the aggregate at fair value. Realized gains and losses on the sale of investments are computed using the specific identification method. Included in Investments in the accompanying Statement of Financial Position are \$415,636 and \$1,897,849 of investments that mature in one year or less, as of December 31, 2007 and 2006, respectively.

Derivatives

The Aquarium uses an interest rate swap to hedge interest rate risks associated with certain of its long-term debt. The basic type of risk associated with derivatives is market risk (that the value of the derivative will be adversely impacted by changes in the market, primarily the change in interest rates). The market risk of the derivatives should generally offset the market risk associated with the hedged liability. The agreement involves payments of fixed-rate amounts in exchange for the receipt of variable-rate interest payments over the life of the agreements without an exchange of the underlying principal amounts. The Aquarium uses mark-to-market accounting to value the derivative and records changes in the value in the Statement of Activities and Changes in Net Assets. The fair value of the swap comprises the balance of other non-current liabilities in the Statement of Financial Position.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Classification of Expenses

The Aquarium classifies expenses as programming expenses or support expenses. Programming expenses are the activities that fulfill the Aquarium's mission and include its Husbandry, Facility Operations, Education and Research expenses. For the years ended December 31, 2007 and 2006, programming expenses for the Aquarium include all Programming, 94% of Financing Costs, and 86% of Depreciation and Amortization in the Statement of Activities and Changes in Net Assets.

Support expenses are all activities other than programming and include Guest Services, Retail, Marketing, Human Resources, and Administrative expenses. Support expenses for the Aquarium include all Guest Services, Management and General, Marketing costs, and Cost of Ancillary Sales included in the Statements of Activities and Changes in Net Assets. Support expenses also include 6% of Financing Costs and 14% of Depreciation and Amortization for the years ended December 31, 2007 and 2006.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). This statement provides a new definition of fair value that serves to replace and unify old fair value definitions so that consistency is achieved, and the definition provided acts as a modification of the current accounting presumption that a transaction price of an asset or liability equals its initial fair value. The statement also provides a fair value hierarchy used to classify source information used in fair value measurements that places higher importance on market based sources. New disclosures of assets and liabilities measured at fair value based on their level in the fair value hierarchy are required by this statement. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, except for nonfinancial assets and non-financial liabilities, for which the effective date is fiscal years beginning after November 15, 2008. The Aquarium is currently evaluating the impact of adopting SFAS 157 on its consolidated financial statements but does not expect the impact to be material.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits entities to choose to measure certain financial assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Aquarium is currently assessing the impact, if any, of SFAS 159 on its consolidated financial statements but does not expect the impact to be material.

2. Donated Services

The Aquarium received contributed services valued at approximately \$233,000 and \$222,000 in 2007 and 2006, respectively, from participants in its Volunteer Diver program. Such contributed services have been recognized as unrestricted contributions and as programming expenses as they require specialized skills, provided by individuals possessing these skills and would otherwise need to be purchased if not provided by donation.

The Aquarium also received contributed services in its other volunteer programs. These contributed services have not been recorded because no specialized skills are required.

3. Lease Commitments

The Aquarium leases equipment and office space pursuant to agreements that expire from 2008 to 2011. Future minimum rental payments under the lease agreements are as follows:

2008	\$ 258,881
2009	177,677
2010	154,823
2011	66,733
	<u>\$ 658,114</u>

The Aquarium entered into a lease agreement which started in 1996 and expired in 2006 for the rental of an IMAX® 3D projection system. The terms of this agreement required a prepayment of \$1,800,000. The prepayment of rent was amortized over the ten-year term of the lease.

The Aquarium had the option of renewing this lease at the end of the original term for a period of ten years. In lieu of renewing the lease, the Aquarium agreed on March 31, 2006, to purchase the projection system for \$800,000.

The Aquarium's total rent expense for the year ended December 31, 2007 and 2006, was \$356,028 and \$352,695, respectively.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

4. Investments

Investments at December 31, 2007 and 2006, are composed of the following:

	2007		
	Fair Market Value	Cost	Net Unrealized Gain (Loss)
Mutual funds	\$ 3,049,832	\$ 2,610,528	\$ 439,304
U.S. Government obligations	1,588,063	1,533,124	54,939
Federal agency bonds	5,368,476	5,280,259	88,217
Corporate bonds	4,970,496	5,058,125	(87,629)
Corporate equities	7,062	1	7,061
Total	\$ 14,983,929	\$ 14,482,037	\$ 501,892
	2006		
	Fair Market Value	Cost	Net Unrealized Gain (Loss)
Mutual funds	\$ 3,739,919	\$ 3,249,980	\$ 489,939
U.S. Government obligations	2,486,560	2,475,086	11,474
Federal agency bonds	3,846,526	3,841,318	5,208
Corporate bonds	4,799,372	4,908,112	(108,740)
Total	\$ 14,872,377	\$ 14,474,496	\$ 397,881

The net change in unrealized gain on investments is included in investment income in the Statements of Activities and Changes in Net Assets and is included in the Realized and Unrealized Gains and Losses on the Statements of Cash Flows.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt

The Industrial Development Board of the County of Hamilton, Tennessee issued \$30,000,000 of Industrial Development Revenue Bonds Series 1991 (the Series 1991 Bonds) on July 11, 1991. The entire proceeds of the Series 1991 Bonds were loaned to the Aquarium pursuant to a loan agreement dated July 1, 1991, which had terms substantially identical to terms of the Series 1991 Bonds. During June of 1993, the Aquarium repaid \$24,500,000 of the Series 1991 Bonds and refinanced the remaining \$5,500,000 of bonds with a new lender. The remaining Series 1991 Bonds mature in their entirety on July 1, 2021.

During 1996, the Aquarium completed construction of the Tennessee Aquarium Imax Center, including an IMAX® 3D theater, an environmental learning lab and office space for Aquarium personnel. The total cost of the project was approximately \$14,000,000 and the project was completed in July of 1996. On January 26, 1995, the Board of Trustees approved the decision to finance the project with tax-exempt bonds. The Industrial Development Board of the County of Hamilton, Tennessee issued \$14,000,000 of Industrial Development Revenue Bonds Series 1995 (the Series 1995 Bonds) on March 24, 1995. The entire proceeds of the Series 1995 Bonds were loaned to the Aquarium pursuant to a loan agreement dated March 1, 1995, which had terms substantially identical to terms of the Series 1995 Bonds. The Series 1995 Bonds mature on March 1, 2015.

During 2005, the Aquarium completed construction of the Tennessee Aquarium Ocean Journey. The total cost of the project was approximately \$33,200,000 and the project was completed in April of 2005. On January 22, 2004, the Board of Trustees approved the decision to partially finance the project with tax-exempt bonds. On April 29, 2004, the Industrial Development Board of the City of Chattanooga, Tennessee issued \$15,000,000 of Industrial Development Revenue Bonds Series 2004 (the Series 2004 Bonds). The entire proceeds of the Series 2004 Bonds were loaned to the Aquarium pursuant to a loan agreement dated April 1, 2004, which had terms substantially identical to the terms of the Series 2004 Bonds. The 2004 Series Bonds mature in their entirety on April 1, 2024.

Interest on all of the aforementioned bond series is at a variable rate determined weekly and payable monthly. During 2007, interest rates ranged from 3.10% to 4.00%. All three bond series are secured by a mortgage on the Aquarium's property and direct pay letters of credit expiring on April 29, 2010. All letters of credit may terminate sooner than their expressed expiration dates upon the occurrence of certain conditions.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

The Aquarium is required to meet profitability, liquidity and leverage financial covenants and is limited as to the amount of additional debt that can be incurred, the purchase and disposition of assets and other business activities under the terms of the various financing documents. At December 31, 2007, the Aquarium was in compliance with all of the financial covenants of the loan agreements with the exception of a financial covenant stipulating that no additional debt can be incurred. The additional debt incurred by the Aquarium related to the River Gorge Explorer described below for which a waiver of the violation was obtained from the lender. As a result of delays in obtaining the aforementioned waiver, the Aquarium failed to comply with the financial covenant related to providing audited financials to the lender within a specified period of time, which violation was also waived.

In May of 2007, the Aquarium entered into a Vessel Building Agreement to have a 70-passenger, high-speed catamaran constructed to take visitors on an ecotour into the Tennessee River Gorge. The Company expects that the vessel will be operating by mid-2008. The total purchase price of the vessel is \$2,885,600. In connection with the Company entering into the Vessel Building Agreement, the Aquarium also executed promissory notes to the Community Foundation of Greater Chattanooga, to fund \$2,860,200 of the purchase price. The notes bear interest at 0% and are non-recourse such that repayment is required only to the extent the vessel's operations generate revenues in excess of the related expenses. The loans are secured by the value of the vessel and are subordinate to the Aquarium's other debt. At December 31, 2007, the Aquarium had paid \$910,000 of the purchase price of the vessel and had received \$1,160,000 of funding, of which \$250,000 is included as restricted cash due to the Aquarium not remitting this amount to the builder prior to December 31, 2007.

The Aquarium executed a loan agreement on April 10, 2002, establishing a \$5,000,000 revolving line of credit. The loan bears interest at a rate of 2.00% above the LIBOR Daily Floating Rate. The principal of the loan balance was due on April 10, 2005. The line of credit was reduced to \$1,000,000 on May 3, 2004, and converted to a term loan. The term loan required semi-annual principal payments of \$100,000 beginning October 1, 2004, and at December 31, 2007, bore an interest rate of 7.36%. At December 31, 2007, the Aquarium had an outstanding balance of \$300,000 on the term loan.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

The combined aggregate amount of future principal payments for all long-term borrowings due is as follows:

2008	\$ 200,000
2009	100,000
2010	—
2011	—
2012	—
Thereafter	35,660,000
	<u>\$35,960,000</u>

The fair value of the Aquarium's debt does not significantly differ from its carrying value.

On March 24, 2003, the Aquarium entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its long-term debt. At December 31, 2007 and 2006, the swap agreement had a notional amount of \$7,000,000 and results in fixed interest rate payable of 3.41%. The Aquarium makes payments at the stated fixed rates and receives payments at tax-exempt variables rates, which reset on a weekly basis.

6. Benefit Plan

The Aquarium adopted a 403(b) defined contribution retirement plan on January 1, 1996, covering substantially all full-service employees. Employer contributions under the new plan are based upon a defined percentage of eligible participant compensation plus a defined matching percentage of any voluntary employee contributions to the plan. Benefit plan expense for the year ended December 31, 2007 and 2006, was approximately \$333,000 and \$326,000, respectively.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

7. Related-Party Transaction

The Aquarium's Ocean Journey expansion was funded with \$15,000,000 of long-term debt, as discussed in Note 5, and \$20,000,000 of private contributions collected through the 21st Century Waterfront Trust (the Trust). The Aquarium's President is one of the Trustees of the Trust. In order to fund the expansion on a timely basis, the Trust secured a loan collateralized by contribution pledges. The terms of the agreement for funding from the Trust provided for the Aquarium to be reimbursed for construction expenditures as they were incurred and approved by the Aquarium. The reimbursements were paid from pledges collected and from the proceeds of the Trust loan. The agreement also requires the Aquarium to pay a portion of the interest expense incurred by the Trust, which was approximately \$191,000 and \$380,000 for the period ended December 31, 2007 and 2006, respectively.

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

8. Functional Expenses

Expenses incurred in 2007 were:

	Programming	Guest Services	Management & General	Marketing Costs	Fundraising	Total
Salaries and benefits	\$ 3,626,687	\$ 2,194,560	\$ 1,412,022	\$ 544,365	\$ –	\$ 7,777,634
Printing, publications, and promotion	10,502	–	105,161	782,057	–	897,720
Supplies and marine life acquisition	624,809	88,716	64,685	66,408	–	844,618
Professional and other contract services	529,887	34,190	530,510	18,571	207,375	1,320,533
Film and projection costs	430,953	–	–	–	–	430,953
Utilities	1,393,492	–	–	–	–	1,393,492
Maintenance	161,202	85,299	78,355	882	–	325,738
Postage and shipping	8,710	65,965	73,227	7,241	–	155,143
Lease and rental	52,034	–	303,994	–	–	356,028
Travel and education	35,299	11,404	24,925	8,463	450	80,541
Telecommunications	125,847	–	–	–	–	125,847
Other	124,800	34,698	165,167	57,821	–	382,486
Total	\$ 7,124,222	\$ 2,514,832	\$ 2,758,046	\$ 1,485,808	\$ 207,825	14,090,733
Cost of ancillary sales						1,301,292
Financing costs						1,742,872
Depreciation and amortization						3,462,809
Loss on change in fair market value of derivative						56,123
Total costs						\$ 20,653,829

Tennessee Aquarium

Notes to Consolidated Financial Statements (continued)

8. Functional Expenses (continued)

Expenses incurred in 2006 were:

	<u>Programming</u>	<u>Guest Services</u>	<u>Management & General</u>	<u>Marketing Costs</u>	<u>Total</u>
Salaries and benefits	\$ 3,695,875	\$ 2,144,231	\$ 1,452,543	\$ 616,588	\$ 7,909,237
Printing, publications, and promotion	10,866	-	75,432	804,704	891,002
Supplies and marine life acquisition	562,213	114,963	76,204	58,738	812,118
Professional and other contract services	535,967	26,928	291,904	23,521	878,320
Film and projection costs	544,721	-	-	-	544,721
Utilities	1,445,672	-	-	-	1,445,672
Maintenance	145,667	90,615	83,650	-	319,932
Postage and shipping	9,195	49,725	66,434	6,113	131,467
Lease and rental	52,964	-	299,731	-	352,695
Travel and education	35,005	23,272	27,625	12,300	98,202
Telecommunications	189,523	-	-	-	189,523
Other	86,255	37,488	394,241	21,622	539,606
Total	<u>\$ 7,313,923</u>	<u>\$ 2,487,222</u>	<u>\$ 2,767,764</u>	<u>\$ 1,543,586</u>	<u>14,112,495</u>
Cost of ancillary sales					1,309,165
Financing costs					1,697,012
Depreciation and amortization					3,390,254
Total costs					<u>\$ 20,508,926</u>

Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2007, or tax year beginning _____, 2007, and ending _____, 20____
 For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868
 See instructions on back.

2007

Department of the Treasury
 Internal Revenue Service

Name of exempt organization

Tennessee Aquarium

Employer identification number

58-1837154

Part I Type of Return and Return Information (Whole Dollars Only)


Check the box for the return for which you are using this Form 8453-EO and enter the applicable amount from the return, if any. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line for the return for which you are filing this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

1a Form 990 check here	<input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, line 12)	1b	19,289,365
2a Form 990-EZ check here	<input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	0
3a Form 1120-POL check here	<input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	0
4a Form 990-PF check here	<input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	0
5a Form 8868 check here	<input type="checkbox"/>	b Balance due (Form 8868, line 3c)	5b	0

Part II Declaration of Officer

- 6 I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.
- If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2007 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

Sign Here  | 8/14/2008 | Date | Director of Finance | Title

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized e-File Providers. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's signature	Date	Check if also paid preparer <input type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code				EN
Phone no.				

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code			EN
Phone no.			